

SPORTS  
MONDAY

# Herald Tribune

TODAY  
HEALTH  
SCIENCE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The World's Daily Newspaper

R

London, Monday, November 23, 1998

No. 35,995



A development near Kuala Lumpur, where rents have been falling.

## Too Many Cranes Spoil View of Malaysia Future

Government Blamed for Property Glut

**By Thomas H. Dyer**  
KUALA LUMPUR — A city's skyline has often been gauged in Asia by the number of construction cranes dotting the skyline, and by that measure this city would seem to have one of the region's healthiest economies. Long after construction sites in Bangkok and Jakarta went silent, the cranes were still swinging in Kuala Lumpur. Hotels, office buildings and condominiums have continued to rise here, nudged on by the government, which views the construction industry as vital in helping cushion the effects of the regional economic crisis. But today, real estate industry analysts say, the cranes are a sign that the government has ignored market signals and encouraged construction just as Malaysia faces a property glut. The government abolished a ruling this year that had discouraged banks from lending to the property sector.

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## Mobs Attack Churches in Indonesia; 6 Are Killed

Religious Resentment Erupts Into Rioting Against Migrant Workers

By Cindy Shiner  
Washington Post Service

JAKARTA — Muslim mobs killed six people Sunday and burned at least three churches in a riot here that initially appeared to be sparked by a dispute over a gambling hall and rumors that a mosque had been attacked. Security forces fired shots in the air and lobbed tear gas to disperse the crowds, which ransacked the churches before setting them on fire. The Associated Press reported that five of the victims were migrants from the Indonesian island of Ambon. It was unclear where the other victim was from. His body was paraded through the streets on a cart. Dozens of people were reportedly injured, and local television stations said 10 people had been arrested. The violence comes a little more than one week after at least 14 people were killed in anti-government demonstrations that at one point had pitted moderate Muslims against radical Islamic groups that had been hired by the military to help provide security during a special session of Parliament. Most of the casualties in that unrest came from clashes between the military and student demonstrators. Several students were shot and killed, while other protesters were beaten to death. Following the turmoil, rioting broke out in Jakarta's Chinatown district, and several shops were looted and burned. Ethnic Chinese, most of whom are Christian, are often targeted in Indonesia during times of political and economic turmoil. While Chinese vigilantes gathered to protect their homes and shops Sunday evening, most of the violence appeared to have been aimed at Ambonese Christians. Ninety percent of Indonesians follow Islam. It is the world's largest Muslim country but has a secular government and a usually tolerant religious atmosphere. Recent political strife and a devastating economic crisis have inflamed long-simmering ethnic and religious resentment. A recent spate of mysterious killings of Muslim clerics and suspected black magic practitioners on the main island of Java triggered retribution killings and unleashed a wave of panic and scapegoating that led to the deaths of dozens of people. Many of them were killed by neighbors who cited witchcraft as an excuse to exact revenge for a number of communal grievances. Amid the recent unrest, the government of President B.J. Habibie has pledged that it is laying the groundwork

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An Indonesian soldier walking away from burning pews in front of a Roman Catholic church Sunday in Jakarta. Six people died in the violence.

## UN Inspectors in Iraq See Little Chance of Success

Latest Standoff Involves Demand for Documents

By Barton Gellman  
Washington Post Service

UNITED NATIONS, New York — Confronted by renewed Iraqi defiance, UN arms inspectors say they see little prospect of achieving the results that Washington has been promising in the standoff with Iraq since a military strike was barely averted a little more than a week ago. While routine monitoring visits at Iraqi sites were conducted last week and again Saturday, it will be weeks before the UN Special Commission, or Unscop, can plan and execute its first challenge inspections — and much longer before it regains the scent of forbidden weapons after a four-month hiatus, inspectors said. Meanwhile, Iraq's defenders in the Security Council are preparing an inquiry that will dissect and perhaps limit Unscop's work. Baghdad provided a new test of the inspectors' authority Friday when a junior Foreign Ministry official notified the chief inspector, Richard Butler, that

Unscop's requests for disputed weapons documents were "provocative rather than professional," and then dismissed or deflected the queries. (In Baghdad, the foreign minister, Mohammed Said Sabhaf, said Sunday that UN arms inspectors were asking the "impossible" of Iraq in demanding more documents, Agence France-Presse reported. "We have handed over all, all available documents," he said, adding that it was a tactic to create obstacles to lifting eight-year-old UN sanctions. [Mr. Sabhaf added that Iraq had already handed over 2.5 million documents on its proscribed weapons and that the commission was harassing Iraq with demands for "imaginary documents." [Deputy Prime Minister Tariq Aziz accused Mr. Butler on Sunday of seeking to undermine a promised Security Council review of Iraqi compliance with UN resolutions. [But the U.S. national security adviser, Samuel Berger, accompanying

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## Urging Shift By NATO, Germany Angers U.S.

Leftist Coalition Seeks A No-First-Use Policy On Nuclear Weapons

By William Drozdiak  
Washington Post Service

BERLIN — Germany's new governing alliance of Social Democrats and Greens is confronting its first serious clash with the United States by demanding that NATO break a hallowed strategic doctrine and adopt a no-first-use policy regarding nuclear weapons. Chancellor Gerhard Schröder's government will insist that a new strategic concept, to be unveiled at NATO's 50th anniversary summit conference in Washington in April, should foreclose the option of resorting to nuclear weapons before any foe. The change in deterrence strategy, German officials said Sunday, is being sought as proof that Western powers are serious about moving toward nuclear disarmament. The German demand has shocked and angered the Clinton administration, which was recently assured that the new left-leaning coalition would maintain continuity in Bonn's foreign and security policies. U.S. officials warned that such a dramatic shift in deterrence strategy — one that has kept the nuclear peace for over half a century — could gravely undermine faith in the military commitments of the North Atlantic Treaty Organization. But German officials say that fundamental changes in NATO's nuclear doctrine are long overdue now that the Soviet threat has vanished. They contend that bold initiatives such as a no-first-use pledge are necessary to dissuade other nations from pursuing nuclear weapons and to encourage so-called threshold powers such as India and Pakistan from renouncing any recourse to arms of mass destruction. "I have signed to NATO Secretary-General Javier Solana that we want to talk about this, because we see things differently," Foreign Minister Joschka Fischer told the newsmagazine Der Spiegel. "We must discuss it openly in the alliance without creating the impression that Germany is going its own way." The no-first-use pledge was enshrined in the governing program of the Social Democrats and Greens after they ousted the conservative alliance led by former Chancellor Helmut Kohl in national elections in September. Both parties have crusaded for nuclear disarmament in the past, but they played down the issue before the elections to avoid arousing controversy among Germany's allies. Two weeks ago, Germany stunned the United States, Britain, and France — NATO's three nuclear powers — by breaking ranks and abstaining on a motion on nuclear disarmament put for-

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## Clinton Raises Heat on North Korea

Visiting Hesitant South, He Demands Dismantling of Arms Programs

By Tom Kirk  
International Herald Tribune

OSAN AIR FORCE BASE, South Korea — President Bill Clinton pledged a tough policy against North Korea in a rousing finale Sunday to a weekend dedicated in large part to bolstering a South Korean government that has seemed inclined to go easy on the North. The president, addressing several thousand U.S. troops at this base near Seoul, declared that North Korea had to stop developing nuclear arms as well as a range of somnolent weapons. Mr. Clinton's remarks, given the set-

ting and the timing, appeared as one of the strongest challenges so far to North Korea, which is suspected of having resumed nuclear weapons development in an underground site spotted on U.S. satellite images three months ago. "North Korea must maintain its freeze on and move ahead to dismantle its nuclear weapons program," Mr. Clinton, standing in front of two air force fighter planes, told the troops. "It must comply with its obligations under the Nuclear Nonproliferation Treaty. It must halt its efforts to develop and proliferate chemical and biological weapons and ballistic missiles."

Mr. Clinton's remarks seemed considerably stronger than his comments at a joint press conference Saturday with President Kim Dae Jung of South Korea, who has enunciated a "sunshine policy" of "engagement" with the North, highlighted by efforts at widening contacts through trade and talks. Mr. Clinton and Mr. Kim, after a two-hour meeting that also touched on South Korea's efforts at recovering from economic crisis, appeared almost entirely in agreement as they stood side by side in the Blue House, the center of pres-

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## President's Luck Holds on Impeachment

By John M. Broder  
New York Times Service

WASHINGTON — A senior White House official, surveying the events of the past week, sighed in relief and quoted Winston Churchill on his experience in the Boer War: "Nothing in life is so exhilarating as to be shot at without result." Good fortune continued to shine on President Bill Clinton last week, and on Sunday further signs emerged that lawmakers' appetite for impeachment was fading in favor of a rebuke or censure. Kenneth Starr, the independent counsel, spent 12 hours before the House Judiciary Committee on Thursday and produced no new revelations of presidential vice. Democrats on the committee said Mr. Starr's most newsworthy statement was that he had found no evidence of impeachable offenses in the dismissal of White House travel office employees and the retrieval of FBI files. And on Friday, Samuel Dash, the independent counsel's ethics adviser, resigned, saying that Mr. Starr had abused his authority by appearing before the House panel to advocate the impeachment of the president.

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## Middle Class Feels The Pain in Korea

The distress of Kim Myung Yun, a former well-paid, white-collar employee who has been reduced by unemployment to hawking hats on the streets of Seoul, is illustrative of the pain the middle class is experiencing during the South Korean economic downturn. "I feel guilty when I look at my family," he says. "A father has certain responsibilities. A man has certain responsibilities." Page 2.



Kim Myung Yun, a former well-paid, white-collar employee who has been reduced by unemployment to hawking hats on the streets of Seoul, is illustrative of the pain the middle class is experiencing during the South Korean economic downturn.

## Merger Fever Haunts Traders In Takeover of Bankers Trust

By Timothy L. O'Brien  
New York Times Service

NEW YORK — As the board of Bankers Trust Corp. met Sunday to vote on the sale of the bank to Deutsche Bank AG of Germany for about \$9 billion, Wall Street was rife with speculation about whether a new round of megamergers and takeovers is at hand. The expected deal, which would be the biggest takeover of a U.S. financial institution by a foreign bank, is another example of how economic globalization is forcing companies to form once unthinkable cross-border alliances. "Companies are playing in a global space now," said David Berry, an analyst with Keefe, Bruyette & Woods Inc. "And to be in the business of financing multinational corporations, you need to have a global presence, and you need to be in the U.S. because that's where the money and the talent are." But analysts and bank advisers said banking executives were not rushing to cut deals like the huge mergers and takeovers of other financial-services giants completed in the last year. Lower stock prices and an uncertain economic landscape are still combining to dampen merger fever. "In many respects Bankers Trust is a unique case, and there aren't a lot of other big buyers out there," said Charles Peabody, an analyst with Mitchell Securities Inc. in New York. In its deal for Bankers Trust, Deutsche Bank is clearly being driven

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## AGENDA

### Rail Strike in 6 EU Nations Gets Started

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### Murder of Reformer Shocks St. Petersburg

The killing in St. Petersburg of Galina Starovoltova, 52, a leading liberal politician and tireless defender of Russia's democratic reforms shocked her allies, who claimed she was a victim of the country's corrupt political climate. She was a close associate of President Boris Yeltsin, who has sent top law-enforcement officials to investigate. Page 8.

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## Middle-Class Pain / The 'Guilt' of Unemployment

## From Man in a Suit to Man on a Curb in South Korea's Crisis

By Kevin Sullivan  
Washington Post Service

**A**NSAN, South Korea — Two men on bicycles pedal up Kim Myung Yun hops up from the curb, takes a deep breath, pulls his hands out of his pockets and musters a decent "Kookyungha-seyo!" — "Please take a look!"

It's almost noon, and there hasn't been a customer for hours. Mr. Kim feels more like a fire hydrant than a hat vendor, so he's fidgety when one of the bicyclists picks up a New York Yankees cap and checks himself out in the side-view mirror of Mr. Kim's car.

"I look good in hats," he says. "That's because they cover your face," his friend shoots back.

Mr. Kim laughs with them and relaxes a bit. Still, for a guy who was a white-collar manager making \$40,000 a year until he was laid off five months ago, in the midst of the continuing South Korean economic crisis, it's tough to work this hard for a \$4 sale.

Hours later, long after dark on a 14-hour workday that started before dawn, Mr. Kim packs up and heads for the hourlong train ride home. He sold the Yankees cap and one other all day. Subtracting his train fare, that gives him a profit of 25 cents.

At home late at night, Mr. Kim, 39, sits at his kitchen table beneath a tapestry of the Last Supper on the wall, in the glow of a single neon light overhead, drinking a cup of milk. His wife won't be home from work for at least another hour. His two young daughters are doing their homework in their bedroom, so he keeps his voice down. "I feel guilty when I look at my family," he says, through eyes wet with tears. "A father has certain responsibilities. A man has certain responsibilities. In my heart I want to give my wife and my daughters everything, but I can't make anything work out."

If there is joy in this house, it comes from a violin.

Kim Eun Joo, 12, sets up her purple music stand in the kitchen, in the narrow space between the refrigerator and the stove. She puts her long black hair up in a ponytail, tucks her violin tightly under her chin and begins playing it with a bow half as tall as she is.

Starting hard at the somber Bach piece before her, Eun Joo plays with long, smooth strokes of the bow, which leaves a dusting of white rosin on her instrument, as though someone had sprinkled it with confectioners' sugar. The fingers of her left hand tickle and tweak the violin's neck. Close your eyes and it could be a professional; open them and see the chipped red nail polish of a young girl's hands.

As music fills this tiny three-room apartment, the first floor of a two-story brick building in Seoul, her father stares into space through a pile of pots next to the sink. He seems to know each note of a piece he's heard practiced a thousand times. In a day spent hawking hats to strangers, this is the only peaceful moment.

Eun Joo finishes, bows deeply, and says, "Kamsahamnida" — "Thank you."

"I am so proud of you," her father says, sliding his arm around her waist.

Mr. Kim and his wife have refused to give up Eun Joo's violin lessons, which cost about \$460 a month, a sum they really can't afford when surviving mainly on a \$750 monthly unemployment benefit that runs out in December.



Kim Myung Yun with his family in Seoul. The former insurance executive lost his \$40,000-a-year job and is now selling baseball caps from a car he calls the 'Hat Department Store.'

They already have cut piano lessons for their younger daughter, Eun Hae, 9, whose tastes run more to sports than symphonies. But Eun Joo shows uncommon promise as a musician, and her parents refuse to accept, so far, at least, that the nation's economic crisis might steal her future. They think if it takes that, it has taken everything.

The family has cut the phone service at home. They want to sell their 10-year-old Daewoo car, but they would have to pay about \$500 in parking tickets first, and that's probably more than the car is worth.

Mr. Kim lost his medical insurance when he lost his job. The family now pays a small monthly fee for bare-minimum coverage. But when his wife, Moon Mi Ya, fell down some stairs recently and required stitches on her head and chin, the family had to pay the \$380 in doctor's bills. Still, the music comes first.

"Eun Joo prays to God every night that she can go to the United States to study at a music college," Miss Moon says. "I don't want to break her heart, but one day I will have to tell her that she will never be able to do that."

"I can take twice this much pain, but I can't take it when it hurts my children."

**T**HIS IS the pain hidden behind the doors of hundreds of thousands of South Korean homes as families cope with the country's worst economic crisis in nearly half a century. Mr. Kim and his family are not the newly homeless beggars starting back from the covers of magazines. They are not the poor driven deeper into poverty by the crisis. It's hard to tell from the outside that their lives have been shattered. But the pain in this middle-class home is the ache South Korea will feel long after the economists declare "recovery" and move on.

For the first time in a year, the stock market is moving upward and foreign investment is trickling in. But hope is not always comfort, and a spark on the trading floors doesn't warm Mr.

Kim's feet on these cold autumn mornings. Mr. Kim knows the catch: Too many companies here gave too many people employment for life, so they are "recovering" by shedding thousands of middle managers like him. Even the optimistic government says unemployment will continue to climb to almost 9 percent by next spring — four times what it was a year ago.

Despite a college education and 14 years' experience in insurance, Mr. Kim is considered too old and too inexperienced in high-tech skills to be attractive to most companies here. Construction workers can go back to plastering walls and installing plumbing when South Korea starts growing again. But soft-palmed managers such as Mr. Kim, many of them the first generation in their families to trade rice paddies for an office building, fret that they could be the most permanent casualty of the Asian financial crisis.

"The more time you have to think, the harder it is," Mr. Kim says.

In Ansan, a suburb of Seoul, rap music pounds from speakers just outside the Hot People clothes boutique. Businessmen with black briefcases stride by in a hurry, and well-dressed women on their way to the shops clackety-clack past, all avoiding a glance at Mr. Kim, who is sitting on the dirty curb with his head down.

Mr. Kim used to be one of them: Sales chief at a big insurance company, he was management, a suit, a comfortably middle-class provider for his family. But since his company laid off 76 workers at the end of June, he has ended up here, reading the want ads next to a noxious sewer manhole, waiting for someone to stop and shop at his "Hat Department Store."

The "store" is his brother-in-law's car, parked on the sidewalk and covered with green mesh netting. His hat display hangs on clothespins hooked into the mesh — dozens of baseball caps, ski hats with pompoms, berets. Each time Mr. Kim sells one, he and his brother-in-law split the \$1.50 profit.

Mr. Kim says he visited several vendors in

Seoul and asked them what sells best. They told him hats are cheap and sell well, so he and his brother-in-law pooled some money and bought 100. But the way things are going with hats, it might be time to try something else — maybe fruit, they think.

"There isn't anything I haven't thought of trying," says Mr. Kim, who already has sold shoes and water filters door-to-door and been rejected by construction foremen because of his slight stature. "I can't even count how many companies I called and went to. I have been working for an insurance company for so long, I don't know what else to do. It isn't like I just want a job where I can wear a suit. I'll take anything."

Mr. Kim's situation is so common in South Korea that everyone recognizes it and sympathizes — sometimes even the police. His hatmobile is parked illegally, and Mr. Kim can't afford the permit required to be a legal sidewalk vendor. On his first day here, he pleaded his situation to the officers who threatened to tow the car away. They still come by each day and tell him to move. But he never does, and they never do anything about it.

It's easy to tell the newly unemployed amateurs from the people who have been on the streets all their life. The guy selling rubber gloves from a cardboard box on the subway, shouting and laughing and cajoling and charming the housewives with promises of no more

fishpan hands — he's too good at it to be a last-off accountant or engineer forced into the streets. But Mr. Kim, with his downcast eyes, soft voice and nervous smile — you'd trust him with your insurance portfolio, but you'd never hire him to run a garage sale.

"At first it was difficult for me to say anything to the people who came by, but I have to adapt to my new life," he says.

**H**E ADMITS he has no plan for when the unemployment checks stop around Christmas. He knows his prospects of finding work are no better than hundreds of thousands of other men looking for jobs. He feels too "emotionally unstable" to think about it much.

"The reality now is so tough," he says. "I don't even want to think about one year from now."

Moon Mi Ya named her beauty salon "Noel," because her father told her it evoked Christmas and peace in English. It's one brightly lit room up two flights of rickety stairs in the middle of noisy Seoul.

Once a week Miss Moon gets up before dawn to hand out fliers at the subway station. She hates doing it, but it works: The six chairs are filled with yapping men having their brush cuts shortened and working women having their hair straightened.

"Thirty-nine is an age when you should be working," she says. "My husband was the chief salesman. He was the flower of the company, then it was all taken away from him in one day. My husband feels guilty and so sorry. He keeps saying, 'I'm sorry, I'm sorry.' But it's worse when we feel sorry for him."

She says Mr. Kim comes home late at night, exhausted, legs aching and hoarse from calling to customers on the street. He's lost a lot of weight, and he can sleep only a few hours a night from worry. "When I look at him sleeping, I can't help but cry," his wife says. "It's so hard to see someone I love, someone who works so hard and was so successful, in so much pain."

## In Romania, Poland and Italy, Freezing Weather Kills

Compiled by Our Staff From Dispatches

**ROME** — Cold weather engulfed much of Europe over the weekend, claiming lives in Italy, Poland and Romania.

Snow capped the island of Capri and Mount Vesuvius in Naples, brought on by a cold snap that hit parts of Italy with the coldest temperatures in 10 years.

Three people died in freezing temperatures in Italy, while two others died in a Rome apartment died of leaking from their emergency heater.

Heavy snow also fell in Italy's northern mountains, compounding the suffering of hundreds still living in temporary housing after losing their homes last year in the devastating earthquake in the Umbria and Marche regions.

As many as 40 centimeters (16 inches) of snow fell in Umbria.

The police in Poland said Sunday that at least 23 people had frozen to death during the week as temperatures plunged to minus 26 degrees centigrade (minus 15 degrees Fahrenheit). Most of the victims were men aged 40 to 60 who had been drinking and fell asleep in the cold, a police spokesman said.

As many as 200 lives were saved by special police patrols that picked, incubated people off the streets and drove them to shelters to sober up.

In Romania, road and rail traffic was paralyzed in the south and east of the country after 24 hours of constant snowfall, the Transport Ministry said. Officials said that 17 people died and at least 49 were injured; many from frostbite, as the snow continued to fall Sunday. (AP, Reuters)

## Lee Foils Russian Oil Shipment

Thick ice has again foiled attempts by a nuclear-powered icebreaker to force a passage through the Chukotski Peninsula, so an oil tanker can ferry urgently needed fuel supplies. Agence France-Presse reported Sunday from Moscow.

The vessels are stranded about 130 kilometers (80 miles) from the village of Pevek and Mys Shunida, where residents are without fuel in subfreezing temperatures, the Inter-Tass news agency reported.

But despite the best efforts of the Soviet Navy, the most powerful icebreaker in the world, efforts to carve a path through the ice have failed. Officials said the channel cleared by the icebreaker had closed over with one meter (three feet) of ice.

The tanker is loaded with 12,000 metric tons of fuel for the peninsula, which did not receive its fuel supplies on time because of the exceptional cold conditions this year and Russia's financial crisis. Regional authorities appealed to Moscow for help this month, saying the situation was life-threatening for the 4,500 residents of the peninsula.

By the end of November, the frozen Arctic Ocean surrounding the peninsula prevents icebreakers from getting through, and ships must wait until the summer to reach ports in the far northeast.

## U.S. Airline Deal Takes Off Amid Suit

By Frank Swoboda  
Washington Post Service

**WASHINGTON** — Northwest Airlines Corp. and Continental Airlines Inc. have completed a "virtual merger" that effectively creates the second-largest U.S. airline, despite a government lawsuit to block the plan.

The action late Friday represents the biggest step so far in a trend toward alliances between major airlines as they seek to bolster profits and dominate routes. The new alliance links a variety of services ranging from frequent-flyer programs to reservation codes that allow a passenger to buy a single ticket for a trip using both airlines.

Delta Air Lines Inc. and United Air Lines Inc., and US Airways Inc. and American Airlines Inc. also have

formed marketing alliances, but neither goes as far as the Northwest-Continental arrangement, which involved a stock purchase.

It is the stock purchase that concerns the Clinton administration. The Justice Department filed suit Oct. 24 to block the alliance because of a provision that allowed Northwest to purchase 14 percent of Continental's common stock and 51 percent of the voting power in Continental. The airlines said the stock would be held in trust for 10 years to satisfy government objections to the deal.

The stock was sold by the financier, David Bonderman, who had purchased the shares as an investment in 1993. Officials at Northwest and Continental said they were afraid Mr. Bonderman would sell his shares to an outsider and

destabilize the deal.

Joel Klein, the top antitrust official at the department, said at the time the government filed the lawsuit that it believed the alliance "would lead to higher ticket prices and worse service for the 4 million passengers on routes dominated by the two airlines."

The lawsuit addressed only the stock purchase issue, and the department said it was reserving judgment on the underlying issue of the alliance pending further study.

The Justice Department spokeswoman, Gina Talamona, said Friday that "nothing we have heard" in terms of the airlines' action "changes our view that this transaction is anti-competitive."

We're moving ahead with our lawsuit, and if we prevail, the parties will have to sell the stock.

## Demonstrations Drive Americans Out of Iran

Agence France-Presse

**TEHRAN** — A group of visiting Americans accused of being U.S. spies came under attack Saturday from Islamic fundamentalists opposed to any reconciliation with the United States, the newspaper Kayhan reported Sunday.

Chanting "Death to America," demonstrators smashed the windows of the Americans' vehicle near a hotel in northern Tehran where they had been staying. None of the occupants was hurt, Kayhan said.

A senior Iranian official later went to the hotel to apologize to the 13 Americans and to take them to lunch, the newspaper reported.

But the group decided to cut its trip short and left Tehran for Washington on Saturday night, newspapers said.

## Wiring From Swissair Jet Shows Evidence of Sparks Before Crash

Agence France-Presse

**HALIFAX, Nova Scotia** — The Canadian authorities investigating the Sept. 2 crash of a Swissair flight say they have evidence that the jet's electrical system generated sparks before the plane went down.

The Canadian Transportation Safety Board said an examination of wiring from the McDonnell Douglas MD-11 showed that "electrical arcing" had occurred.

The safety board also said that it had bits of aluminum debris from parts of the jet's front section, just behind the cockpit, that had melted under intense heat. Those pieces were not far from wiring linked to individual entertainment systems installed on the plane, the agency said.

"There was some source of heat in the forward area of the aircraft," said Vic Gerden, the chief investigator. There was no evidence any of the jet's three engines had malfunctioned, he said. A U.S. investigator, Vernon Grose, said the evidence tended "to confirm that they had a fire in the aircraft and not just smoke."

Swissair Flight 111 crashed into the Atlantic Ocean off the coast of Nova Scotia, Canada, while en route from New York to Geneva. All 229 people aboard were killed.

The pilot, in emergency calls and conversations with air traffic controllers, spoke of fire in the cockpit. Investigators said on Sept. 8 that they had found heat stress on wreckage that appeared to have come from the cockpit.

## TRAVEL UPDATE

## France Braces for Strike

**PARIS (Combined Dispatches)** — On the eve of the Europe-wide rail strike, travelers in France braced for disruptions that were to slow train traffic across the country beginning Sunday evening.

The national train company, the SNCF, said that France would be heavily affected by the European strike on Monday, when railway workers in six countries were to protest liberalization plans.

The SNCF said that 280 of 680 normally scheduled trains would be operating Monday in the northeast of France and that connections to western France would also

be severely disrupted. While the Eurostar TGV link between Paris and London will run as scheduled, passengers using the Eurostar service from Lille to Brussels will be transferred to buses as well as those using the Thalys high-speed train from Paris or Lille to Brussels, Amsterdam and Cologne.

Britons made a record 46 million trips overseas in 1997, a 9 percent increase from 1996 and the highest growth rate for five years, the Office for National Statistics said. France was the British traveler's favorite destination, with 11.1 million visiting the country. (Bloomberg)

## This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

**MONDAY:** Georgia, Japan.  
**WEDNESDAY:** Bosnia-Herzegovina.  
**THURSDAY:** Mongolia, Puerto Rico, United States, Virgin Islands.  
**FRIDAY:** Bahrain, Bangladesh, Egypt, Israel, Oman, Saudi Arabia.  
**SATURDAY:** Albania, China, Macedonia, Pakistan.  
**SUNDAY:** Albania, Yugoslavia. (Source: J.P. Morgan, Bloomberg, Reuters)

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France: 0-800-90-1387 Italy: 1678-70866 Spain: 900-97-1231



\*In other countries, call directory assistance or ask your hotel concierge

## WEATHER

Forecast for Tuesday through Thursday, as provided by AccuWeather:

Europe				North America				Asia			
City	High	Low	Wind	City	High	Low	Wind	City	High	Low	Wind
Amsterdam	54	44	W 10	Atlanta	64	44	W 10	Beijing	54	44	W 10
Berlin	54	44	W 10	Boston	64	44	W 10	Bombay	54	44	W 10
Brussels	54	44	W 10	Chicago	64	44	W 10	Calcutta	54	44	W 10
Copenhagen	54	44	W 10	Dallas	64	44	W 10	Chongqing	54	44	W 10
Dublin	54	44	W 10	Denver	64	44	W 10	Guangzhou	54	44	W 10
Hamburg	54	44	W 10	Detroit	64	44	W 10	Harbin	54	44	W 10
London	54	44	W 10	Houston	64	44	W 10	Hong Kong	54	44	W 10
Madrid	54	44	W 10	Los Angeles	64	44	W 10	Kobe	54	44	W 10
Moscow	54	44	W 10	Memphis	64	44	W 10	Manila	54	44	W 10
Paris	54	44	W 10	Minneapolis	64	44	W 10	Osaka	54	44	W 10
Rome	54	44	W 10	New York	64	44	W 10	Seoul	54	44	W 10
Stockholm	54	44	W 10	Phoenix	64	44	W 10	Singapore	54	44	W 10
Toronto	54	44	W 10	Portland	64	44	W 10	Taipei	54	44	W 10
Warsaw	54	44	W 10	San Francisco	64	44	W 10	Tokyo	54	44	W 10
Winnipeg	54	44	W 10	Seattle	64	44	W 10	Yokohama	54	44	W 10
Zurich	54	44	W 10	Spokane	64	44	W 10				



THE AMERICAS

# Clinton Leaves Question of Punishment To Congress

By James Bennet  
New York Times Service

SEOUL — In his most extensive remarks in weeks about the scandal shadowing his presidency, President Bill Clinton said with a sad smile that he was still suffering privately over his affair with Monica Lewinsky, but that his political punishment was strictly up to Congress.

"For me, this long ago ceased to be a political issue or a legal issue and became a personal one," Mr. Clinton said. "And every day I do my best to put it right, personally."

He spoke in answer to a question about whether Congress should punish his behavior, during an appearance before reporters with President Kim Dae Jung of South Korea.

Mr. Clinton smiled at first and suggested that he felt plenty punished already. "There has been a lot of suffering," he said. "That is different from punishment, although it's hard to see the difference sometimes as you're going through it."

But the smile faded as Mr. Clinton said that it was "not appropriate at this time" for him to express an opinion on how Congress should act. The House Judiciary Committee opened impeachment hearings last week into charges that Mr. Clinton committed perjury and obstructed justice in hiding his affair.

"I trust the American people," the president said, "and I hope Congress will do the right thing in a nonpolitical way, if you will, to get beyond the partisanship and go on."

The White House has argued that Mr. Clinton should not be impeached for the offenses spelled out in a report to Congress by the independent counsel Kenneth Starr. Joe Lockhart, Mr. Clinton's spokesman, said the president interpreted the question Saturday to refer not to impeachment but to some intermediate measure, such as censure.

Mr. Lockhart said that while it was proper for the White House to resist impeachment, it would be wrong for it to be in a position of trying to prescribe a punishment short of that.

## U.S. Dismantles Smuggling Ring That Marketed Indian Workers

By William Branigan  
Washington Post Service

WASHINGTON — In the largest such case in U.S. history, federal agents have dismantled a global immigrant-smuggling operation that brought as many as 12,000 people, most of them Indians, into the United States over a three-year period at the behest of employers who placed orders with the ring for cheap, compliant workers.

Most of the illegal immigrants were smuggled in through Moscow and Cuba by a ring that operated on four continents and amassed more than \$200 million in smuggling fees.

Although the Immigration and Naturalization Service described the ring as the largest, most complex and sophisticated that investigators have ever encountered, officials said its operations accounted for only a fraction of the hundreds of thousands of illegal immigrants smuggled into the United States each year. An estimated 275,000 illegal aliens settle in the United States annually.

Since Nov. 14, immigration agents have arrested 21 suspects in five states, Puerto Rico and the Bahamas, culminating a yearlong investigation in which the agency for the first time used federal wiretapping authority granted under the 1996 immigration law. Among those picked up were two of the three alleged ringleaders — all Indians who led high-rolling lifestyles with residences in London, the Bahamas or Quito, Ecuador. The third suspected ringleader is believed to be in India, officials said.

The three are among 31 defendants who were charged with various counts of alien-smuggling, conspiracy and money-laundering in three indictments that were unsealed Friday in Dallas, where the case will be prosecuted. Ten suspects are still at large.

The ring smuggled mostly Indians, but also collected people from such countries as Pakistan, Syria and Afghanistan.

Immigration officials said the case marked the first time that a major alien-smuggling operation has been completely taken down — from the kingpins who run the operations from overseas havens to the smugglers who move the immigrants into the United States to the money-launderers who transfer the proceeds.

"Our goal was to dismantle these flesh cartels from top to bottom," said Paul Coggins, the U.S. attorney in Dallas. He vowed to "attack them as vigorously as we attack drug cartels."

Mr. Coggins said the illegal immigrants were smuggled to more than 1,000 job sites in at least 38 states. He said a second phase of the investigation would target employers, who could face "criminal, civil and administrative penalties if they knowingly hired illegal aliens."

The ring charged the illegal immigrants \$20,000 to \$28,000 each to be smuggled into the United States.



WELCOME TO HAITI — President Rene Preval and his wife, right, greeting Hillary Clinton in Port au Prince on Saturday during the first lady's last stop of her seven-day tour of Central America and the Caribbean.

## Many in House Cool on Impeachment

By Eric Pianin and Helen Dewar  
Washington Post Service

WASHINGTON — Even as Republicans on the House Judiciary Committee push for articles of impeachment against President Bill Clinton for lying about his relationship with Monica Lewinsky, most other House Republicans appear torn by the decision or eager to find a way out of the thick.

Dozens of interviews with House Republicans conducted during and after the testimony by the independent counsel Kenneth Starr revealed little enthusiasm for a protracted impeachment battle with Mr. Clinton.

What's more, a few Republicans have begun speaking out against impeaching the president, which could enhance prospects that Congress will seek a face-saving alternative — such as censure — to end the year-long political crisis.

"I'm very certain there are not enough votes to impeach the president," said Representative Peter King, Republican of New York. While the allegations against the president may well constitute violations of the law, he said, "I do not believe they are impeachable offenses comparable to treason or bribery."

Mr. King said for a way out, he proposed several factors, not least of which is his recognition that the Senate is unlikely to muster the two-thirds majority needed to convict and remove the president.

While Republicans are troubled by widespread voter disapproval of their party's handling of the impeachment proceedings, many also fear that Mr. Clinton might go unpunished unless an alternative sanction is found. And some lawmakers appear genuinely conflicted over whether the president's conduct merits removing him from office.

"I want to hear why these offenses are impeachable," said Representative Jack Kingston, Republican of Georgia. "I think that's going to be the case with lots of members. I'm not 100 percent convinced they are impeachable. I want to know more."

Mr. Starr's 12 hours of testimony Thursday may have emboldened Republican members of the Judiciary Committee in their drive for impeachment, but other House Republicans are far more divided about the wisdom of that approach.

There was little discernible evidence that the independent counsel's appearance — while deemed impressive by many — had much impact in changing minds. And even some conservatives who have criticized the president were musing about finding creative alternatives out of the crisis.

Representative David McIntosh of Indiana, the leader of the House Republicans' conservative caucus, said he is intrigued by the idea of impeaching and convicting the president for lying about the Lewinsky matter and obstructing justice, but allowing him to complete his term with the proviso that he could never again hold public office.

"I don't think the constitution provides for censure," he said. "It would establish a bad precedent and weaken our form of government. I do think we have to do our duty and determine whether high crimes and misdemeanors were committed. And I think Starr provided very strong evidence of the crimes and obstruction of justice."

Five Republicans, including senior members of the Appropriations and Budget committees and a prominent conservative activist, have said they will vote "no" should the House Judiciary Committee deliver articles of impeachment next month.

A handful of other moderates have indicated privately that they will oppose impeachment but are not yet ready to make that stance public.

Some members suggested that as many as 20 Republicans were ready to oppose impeachment. Because the Republicans hold a fragile 16-vote majority in the current Congress and the Democrats can be expected to present a relatively solid bloc of support for the president, such defections would virtually assure the demise of any impeachment article that reaches the House floor.

Representative John Edward Porter, Republican of Illinois and a senior member of the House Appropriations Committee, said Congress must choose some lesser form of punishment, such as formal censure, and then "move on."

"The purpose of impeachment is not to punish an errant president but to protect the country," Mr. Porter said. "A resolution of censure would have strong bipartisan support and would send the message" that the president's conduct is not acceptable.

Three Republican representatives — Christopher Shays of Connecticut, a senior member of the House Budget Committee; Mark Edward Souder of Indiana, a leader among the House conservative activists, and Jack Quinn of New York — have also said they would oppose impeachment based on the current evidence.

"I believe that the interest to impeach the president is running out of gas," Mr. Quinn said recently.

The Senate presents even more formidable obstacles. Republicans hold 55 seats, 12 short of the 67 votes required for conviction if all senators are present, and some Republicans have indicated support for a lesser sanction.

But, aside from private discussions of censure and a proposal by Senator Arlen Specter, Republican of Pennsylvania, to drop impeachment in favor of possible criminal prosecution when Mr. Clinton leaves office, most senators are inclined to keep their own counsel until the full House votes on the issue.

The chairman of the Senate Judiciary Committee, Orrin Hatch of Utah, predicted in an interview Friday that the House would impeach Mr. Clinton but said the Senate was unlikely to go through the "ordeal" of a trial unless the House vote were "significantly" bipartisan.

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## Republican Intrigue

## Reno Decision Due

NEW ORLEANS — Amid the up-bear assessments about a new relationship forged last week between Republican governors and their counterparts in Congress and the national party, Governor Mike Leavitt of Utah offered a contrary view.

Mr. Leavitt said he saw little that happened here at the Republican Governors' Association meeting to suggest that assurances of a larger voice for governors would lead immediately to a dramatic change in the balance of power within the party. Nor would there be significantly greater success for the party in the legislative battles in Washington, he said.

"The next two years will be a study in gridlock," Mr. Leavitt said. "Neither party will have the capacity to carry a partisan agenda through Congress."

The governors' meeting may have marked another important turning point in the evolution of a Republican Party grappling not only with its disappointing performance in the midterm elections this year but the aftermath of its big victories of 1994.

What the week of private meetings and public speeches demonstrated was the vacuum of power that exists within the party and the governors' willingness to fill it.

The turmoil in Congress since the midterm elections guarantees at least some shift in the balance even in the immediate months ahead. The departure of the House speaker, Newt Gingrich of Georgia, assures a lower profile for the party's congressional wing. And the challenge to the Republican National Committee chairman, Jim Nicholson, means that he, or a successor, will have to cater more to the interests of governors. (WP)

WASHINGTON — After two years of investigating 1996 Democratic fund-raising, Attorney General Janet Reno must formally address the unanswered questions that launched the inquiry: Are President Bill Clinton and Vice President Al Gore telling the truth when they say they followed complex campaign finance laws, going to the edge of permissible behavior but no further?

On Tuesday, Ms. Reno will announce whether she has found grounds for an independent counsel investigation of possible crimes committed during the 1996 presidential race.

First, she will decide whether Mr. Gore should be investigated for making false statements. Next, there is another potential perjury case, this one involving the former White House deputy chief of staff, Harold Ickes. And in three weeks she will unveil a decision on whether Mr. Clinton violated some basic elements of federal election law.

Although the department's criminal division has yet to present its recommendations and Ms. Reno has yet to begin final deliberations, there are considerable doubts among senior Justice officials and legal experts that any of the cases will result in a broad independent counsel inquiry. (WP)

## Quote/Unquote

Paula Jones, who recently settled her sexual harassment lawsuit with President Bill Clinton, saying she is no longer interested in an apology: "I wouldn't want an apology from him anymore. It's empty. It doesn't mean anything anymore. Because he doesn't mean it. It doesn't come from his heart." (AP)

## Away From Politics

• The U.S. crime rate fell in 1997, hitting the lowest level in 23 years as police forces reported fewer murders and robberies, the FBI said. The agency said that there were nearly 13.2 million serious offenses last year, marking the sixth straight year the number of crimes has gone down. The overall crime rate of 4,923 offenses for every 100,000 U.S. residents decreased 3 percent from the 1996 rate and 13 percent from a decade ago. Murders and robberies showed the steepest declines, each falling 7 percent in 1997 from 1996. (Reuters)

• A small plane hit a high school cafeteria in Oakland, California. No students were hurt, but a woman who was a passenger in the plane was killed when she was thrown from the Cessna 210 that crashed into Castlemont High School. The pilot was listed in critical condition. (AP)

• A NASA research plane set an altitude record for a medium weight aircraft by soaring to 68,700 feet (20,800 meters), almost twice the cruising altitude of most commercial jetliners. The research craft is a cousin of the U-2 spy planes. (AP)

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## Yefim Geller, 73, Is Dead; A Grand Master of Chess

New York Times Service

NEW YORK — Yefim Geller, 73, a Ukrainian-born grand master of chess, whose penetrating technical analysis, inspired innovations and brilliant play helped the former Soviet Union almost totally dominate the game internationally for decades, died Tuesday in Moscow after a long series of illnesses.

It may seem surprising that a man who never won a world championship and whose most memorable public role was serving as Boris Spassky's beleaguered second in his 1972 world championship loss to Bobby Fischer, should be such a revered figure in chess circles.

But if Mr. Geller failed to achieve ultimate headline success, he was a feared attacker and discovered many innovations in venerable openings. Much of his strategy was revealed in his book, "The Application of Chess Theory."

Making his major tournament debut in the 1949 Soviet championships, he led until a final-round loss dropped him to a tie for third, but his showing catapulted him into the top rank of Soviet players.

In time, Mr. Geller learned to moderate his fervor for attack, but it is a continuing tribute to his youthful daring that in winning his first Soviet championship in 1955 he became the only Soviet champion who has ever won the title while losing five games.

Milton Kutsher, 82, Hotelier  
NEW YORK (NYT) — Milton Kutsher, 82, who built Kutsher's Country Club into one of the leading resorts in the Catskill Mountains and kept it successful even as many other top hotels in

the region lost their allure in the 1980s and '90s, died Nov. 16 in Monticello, New York.

By the middle of the century, the Catskills in southeastern New York were famous as the Borscht Belt, a place of hotels and resorts where urban vacationers, mostly Jews still hemmed in socially by anti-Semitism, could relax and unwind, entertained by some of the most famous names in show business.

Though many resorts in the Catskills are in decline, Kutsher's continues to prosper, a tribute, many say, to Mr. Kutsher's vision. Besides the country club, Mr. Kutsher also ran Kutsher's Sport Academy and a summer camp for children; and was a trustee of the National Basketball Association Hall of Fame.

Tetsuya Fujita, 78, Meteorologist  
NEW YORK (NYT) — Tetsuya Fujita, 78, a meteorologist who devised the standard scale for rating the severity of tornadoes and discovered the role of sudden violent downbursts of air that sometimes cause airplanes to crash, died Thursday in Chicago. He had been ill for two years.

Mr. Fujita was the director of the University of Chicago Wind Research Laboratory and continued to do research until shortly before his death. With his wife, Sumiko, Mr. Fujita devised the Fujita scale of tornado wind speed and damage in 1951. In the 1970s, he collaborated in the development of a rugged cylinder of instruments carried by tornado chasers on the ground to record pressure, temperature, electrical phenomena and wind.



## INTERNATIONAL

## Bosnian Economy Fails to Mend

Leaders' Self-Interest and Communist-Era Rules Bar Change

By Mike O'Connor  
New York Times Service

SARAJEVO, Bosnia-Herzegovina — Bosnian political leaders are so good at resisting change needed to revive the economy that diplomats and foreign officials say their governments now face the choice of either providing large amounts of financial aid for years or watching the country collapse.

Three years after the Dayton peace agreement, diplomats had assumed that foreign private investment would have already begun to replace the \$1.5 billion in annual foreign aid. But, with the ravages of war still very obvious and an economy still run by Communist-era rules, doing business in Bosnia remains so unattractive that there is very little foreign investment. The economy survives in large part on international aid and the money spent to support foreign organizations and tens of thousands of foreigners working here.

"We urge, we push, we organize meetings, we threaten," said Didier Fau, his face contorting slightly with the frustration of being one of the top foreign officials responsible for economic reform in Bosnia. "But we are not in charge."

A Western diplomat, referring to the small group of politicians who control much of the economy through their control of govern-

ment, said: "Anyone with the power to change the system benefits from the way the system works now, so there is no reason for them to want change."

"They think we can't afford to fail and we'll just keep paying," the diplomat said. "Maybe they are right."

Only three big foreign companies have ventured into Bosnia, and their commitments are tentative.

Volkswagen, which had operated a large plant just outside Sarajevo that was commandeered and wrecked by the Bosnian Serbs during the 1992-95 war, is opening a much-scaled-down operation. With about 400 workers, it will assemble 10 percent of the Skoda cars made at the company's plants in the Czech Republic.

Coca-Cola has a bottling venture in Bosnia, and DHL operates a courier service. But both could fold quickly if the companies needed to get out, businesspeople said.

Many of the other foreign businesspeople in Bosnia seem to be motivated less by profit than emotion.

Jean Le Roch has his office across from the marketplace where a mortar shell killed 68 people Feb. 5, 1994. Mr. Le Roch was a French Army officer with the United Nations in Bosnia then. Now his business is to advise European companies interested in setting up here.

"So far, in three years, two companies that I work with, small companies, have started up," he

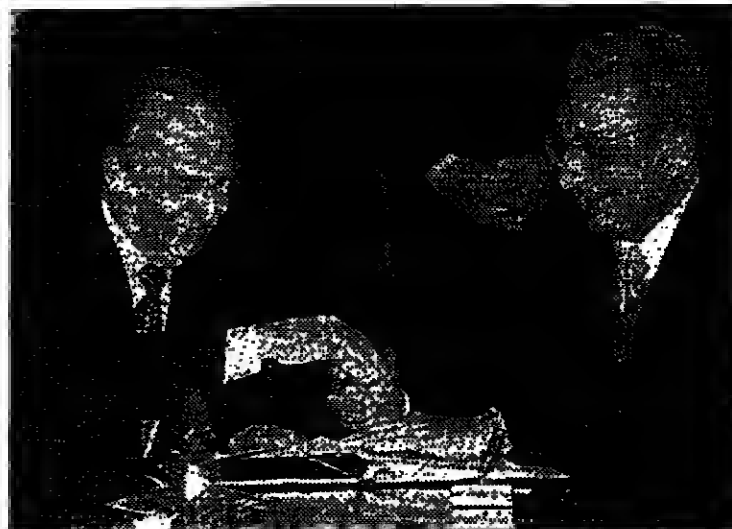
said. The problem, he said, is that foreign investors find it too hard to make a profit.

"The leaders, on all sides, have learned the words to use," he said. "Free enterprise, Western style, market economy, dynamic, efficient. They say these things with great passion. But that is only superficial, nothing has changed from when this was a Communist country."

Most people in business or government in Bosnia grew up in Communist Yugoslavia's unique economic system, which mixed Marxist planning with alleged self-management of enterprises and was heavily subsidized by the West, which wanted to keep the country out of the Soviet orbit.

Failing state-run companies received loans from a state-run bank that kept them going and were never meant to be repaid. The economy was largely a mirage, but its managers mouthed the jargon and insisted that they practiced an enlightened mix of Communism and capitalism.

In similar fashion, Bosnian politicians now refuse to provide the kind of business environment that most large foreign investors demand. Foreign economists say there is often favoritism in the way taxes are collected and laws are applied. They say the lack of a commercial banking system or privatization also keeps investors away.



President Alija Izetbegovic of Bosnia, left, and President Franjo Tudjman of Croatia, signing an agreement Sunday on closer ties.

Instead of helping investors, diplomats and foreign economists say, Bosnian leaders allow, and often profit from, corruption, tax evasion and regulations so burdensome that companies often must bribe officials to break the law. Most workers still do not have jobs, and only 30 percent of the prewar industrial capacity has been revived.

Some countries are starting programs they hope will foster free enterprise. The European Union is shifting about \$350 million from programs to help refugees return to programs intended to help develop the private sector, a spokesman said. The United States has a \$278 million loan program for Bosnian businesses, part of a \$766 million re-

construction project. It also pays \$25 million a year for programs giving technical advice on new laws and regulations intended to open the economy to investment.

These allowed the deputy minister of foreign trade, Sadaša Cerić, to say: "Our economy is now very open and very friendly for foreign investments. No one should have any problems here."

Not so, an American investor said.

"Every permit is a nightmare," he said. "New regulations appear overnight and get applied retroactively. Every official has his hand out. I'm making money, but it's all off the books so the government can't find it, because they would take it."

## Detained Palestinians Begin Hunger Strike

Compiled by Our Staff From Dispatches

JERUSALEM — Palestinian prisoners in an Israeli prison began a fast Sunday to protest Israel's refusal to free them under a new peace deal and accused the Palestinian leadership of neglecting their cause.

Fatah prisoners in Megiddo prison have started today an open-ended hunger strike, a Fatah detainee in the prison said by telephone. "It will spread to other jails."

Angry prisoners belonging to President Yasser Arafat's mainstream Fatah faction threatened to stop backing peace moves if they were not released.

It was not immediately clear how many prisoners were observing the protest. An Israeli Army spokesman confirmed that a few prisoners belonging to Fatah had started the strike.

Palestinian and Israeli officials disagree over the numbers and categories of Palestinians to be freed from Israeli jails under the U.S.-brokered Wye River accord signed at the White House on Oct. 23.

Mr. Arafat said Israel's inclusion of 150 common criminals in a release of 250 prisoners violated the spirit of the accord.

But a spokesman for the U.S. Embassy in Tel Aviv said Washington, which welcomed Israel's withdrawal on Friday from parts of the West Bank under the deal, "was not aware of any violations of the Wye River accord."

The Israeli public security minister, Avigdor Kahalani, said that Israel would not release "people who murdered our children."

"The numbers reached in Washington were 750 prisoners to be freed, about 200 of them security prisoners, what the Palestinians call political prisoners, and the rest of them criminal prisoners," Mr. Kahalani said.

Palestinian policemen, meanwhile, took control of eight more West Bank villages Sunday after the Israeli military's withdrawal under the Wye accord.

(Reuters, AP)

## THE INTERMARKET

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on Page 18

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## EUROPE

## Ankara Retaliates Against Rome

For Release of Rebel, Italian Firms Barred From Defense Contracts

ANKARA — Turkey hit back at Italy on Sunday by releasing the Kurdish guerrilla leader Abdullah Ocalan by barring Italian companies from bidding for any Turkish defense contracts and saying that further measures were possible.

The two NATO partners are deeply divided over the fate of Mr. Ocalan, who is wanted in Turkey for treason and involvement in more than 29,000 deaths.

An Italian court released Mr. Ocalan, leader of the Kurdistan Workers' Party, on Friday but ordered him to stay in Rome in case Germany sought his extradition. An arrest warrant for Mr. Ocalan was issued in Germany in 1990.

"We will not invite a single Italian firm to participate in contracts to meet the needs of our defense industry or our armed forces," state-run Anatolian News Agency quoted Defense Minister Ismet Sezgin as saying.

Turkey had earlier signaled that Finmeccanica SpA Agnati, of Italy, was a candidate for a \$3.5 billion contract to build 145 attack helicopters.

"We shall protest to NATO about the Italian government," Mr. Sezgin said. "We shall re-evaluate our relations with Italy in all areas of the economy, not just the defense industry, and we shall do whatever needs to be done."

Prime Minister Mesut Yilmaz said earlier that Turkey could retaliate.

"The Italian government ignorantly opened its arms to the world's bloodiest terrorist," Mr. Yilmaz told a convention of his Motherland Party this weekend. "The whole world should know that if Italy persists in this disgrace, Turkey will not leave it unanswered," he said.

Italy has refused to send Mr. Ocalan, who arrived this month seeking asylum, to Turkey, saying the constitution prevented Rome from sending people for

trial to a country where they could face the death penalty.

Germany could still seek the extradition of Mr. Ocalan but said last week it did not intend to. He is wanted there for incitement to murder, and German police said Sunday they were investigating whether his group had abducted children to be trained for guerrilla warfare.

Protests and boycotts of Italian products grew in Turkey over the weekend. The state-run arms concern had stopped imports of Italian weapons and ammunition valued at \$300 million annually, newspapers said Sunday.

Tens of thousands of Turks took to the streets Sunday to protest Rome's decision. Nearly 130,000 demonstrators paraded in the central city of Kayseri to demand Mr. Ocalan be handed over, and in Ankara, a thousand people protested outside the Italian Embassy, Anatolian reported.



A Turkish woman with a photo of her son, killed in Turkey's war against Kurdish guerrillas, marching Sunday at the Italian consulate in Istanbul.

## BRIEFLY

## German Unity Shows Signs of Cracking

BONN — Another chunk fell off the new government's facade of unity over the weekend when the Social Democrat who leads the industrial heartland in Germany criticized his own party's tax plans.

Wolfgang Clement, premier of North Rhine-Westphalia state, wrote to Chancellor Gerhard Schröder and Finance Minister Oskar Lafontaine, his fellow Social Democrats, urging them to reconsider new policies that have unleashed a hailstorm of attacks.

According to Focus magazine, Mr. Clement charged that the reforms, which will fund a lower income tax by closing loopholes, and fund lower payroll costs by raising the energy tax, would cost businesses 30 billion Deutsche marks (\$17.80 billion). "Unless we make corrections to the planned tax measures we must expect negative effects on growth and employment," he was quoted as saying. (Reuters)

## IRA Denies Reports Of Secret Meeting

DUBLIN — Irish Republicans on Sunday dismissed a newspaper report that IRA guerrillas were holding a secret conference that might try to ease a disarmament dispute stalling the Northern Irish peace process. "This is rubbish," one source said.

The Sunday Tribune said the outlawed Irish Republican Army was meeting to review its truce in its long war against British rule. It said the IRA might also debate whether to give its Sinn Féin political wing a freer hand in defusing an impasse over the fate of the IRA's vast hidden arsenals. (Reuters)

## Wind Sends Ferry Into Baltic Quay

HELSINKI — A Finnish ferry with 2,600 people on board crashed into a quayside in heavy winds in the Baltic Sea in the middle of the night, but no one was injured, the Finnish news agency STT reported Sunday.

The Silja Europa, en route from the Finnish western city of Turku to Stockholm, rammed into the quayside in winds of up to 20 meters a second (45 mph) during a scheduled stopover in the Åland islands, a Silja Line representative told STT. The vessel was slightly damaged.

The ship was due to return to Turku on Sunday, with most of the passengers on board. (AP)

## France Signs Deal For Purchase of American Center

PARIS — The American Center, which before going bankrupt was the premier showcase for U.S. art and culture in Paris, is selling its high-tech headquarters to the French government, officials said.

The Culture Ministry said in a statement that it signed a deal Friday to purchase the building, which was designed by the California-based architect Frank Gehry. The price and date of the purchase were not made public.

The ministry said in July that it would acquire the building and rename it La Maison du Cinema, showing films there and offering courses on movie history. It will also house a library and film archive. The ministry said it will open in two years.

The independent American Center was a key European venue for American artists, including the choreographer Merce Cunningham, the avant-garde musician John Cage and the pop artist Andy Warhol.

It moved from its Left Bank home to the architectural jewel in southeast Paris, a \$42 million investment. But an economic downturn put a dent in donations, and an \$18 million endowment never materialized. The center went bankrupt in 1996.

## Pinochet Case Puts Several Landmark Laws on Trial

By Marlies Simons  
New York Times Service

MADRID — As judges in Britain deliberate the fate of General Augusto Pinochet, the former Chilean dictator, the rarefied world of international law has been sent into a flurry of activity, with lawyers issuing papers and opinions on what they see as a case with enormous legal implications.

Many scholars and jurists regard the general's unexpected arrest in London on charges of genocide and murder, and a request for his extradition by Spain, as an unusual chance to test high-minded human rights conventions that oblige countries to prosecute great atrocities but are invariably ignored. Even when Pol Pot was detained before his death, some experts note, no country was willing to seek his extradition and try him for his role in the deaths of more than 1 million Cambodians.

Most important, some experts say, the Pinochet case will test whether Britain is willing to let its international human rights commitments prevail over a domestic law giving immunity to heads of state. Second, they say, it will test whether a former dictator with a disastrous human rights record can be tried for crimes against humanity by a national court in a country that is not his own. A decision from the House of Lords in London is expected Wednesday.

Such trials involving former top officials and foreign judges have invariably been held in international tribunals.

So it was considered all the more quixotic when in 1996 the best-known investigating judge in Spain brought suits against the military leaders of Argentina and Chile, where the governing rightists mounted particularly cruel repressions of leftists in the 1970s.

The judge, Baltasar Garzon, who is famous in Spain for taking on high-profile cases, at first aimed his inquiry at the fate of Spanish citizens. Several hundred Spaniards or their descendants were tortured, killed or "disappeared" in the repression. Laws dating back to the colonial era give Spanish courts the right to investigate the plight of their citizens abroad.

But Judge Garzon reached further. He also invoked a Spanish law that gives the courts jurisdiction over a series of crimes "committed by Spaniards or foreigners outside the national territory," including crimes of terrorism and genocide.

The judge used this law — adopted in 1985 but based on previous statutes — to charge General Pinochet with torture, terrorism and genocide.

And it was this law and a series of international laws that Judge Garzon used to order the general's arrest and seek his extradition.

Experts in Madrid say the Spanish law he invoked essentially reflects the international conventions to which Spain is bound. As nations sign and

ratify conventions and treaties, they must adapt their domestic laws to their new commitments. And Spain has signed most parts of the evolving body of international human rights law that has come into being since 1945.

The Spanish arrest warrant for General Pinochet also cites nine international conventions and resolutions dealing with human rights that the Pinochet regime is said to have violated, including the international convention against genocide of 1948 and the convention against torture of 1984.

The binding conventions invariably stipulate that countries must punish people guilty of violations, no matter what their rank or status or where the crimes took place.

Several of the covenants that General Pinochet is accused of having violated also deal with "crimes against humanity," commonly defined as grave human rights crimes that are "systematic and widespread." The Spanish judge holds that torture, killings and the "disappearance" of people were indeed systematic and widespread.

Further, the judge charges the general with genocide because he tried to destroy an entire group of people, namely his opponents. Some experts in international law maintain that while Judge Garzon has sufficient evidence for his charges of torture and terrorism, his

charge of genocide is the weakest.

They argue that events in Chile did not meet the genocide definition under international law because people were killed for belonging to a political group and not to "a national, ethnic, racial or religious group." Judge Garzon has argued that the definition of genocide has been evolving and has in several instances included political persecution.

If genocide does apply, General Pinochet will be unable to claim immunity, as he has, because the 1948 international convention against genocide makes no exceptions for anyone. Britain, Spain and Chile have signed the convention.

Another United Nations declaration, signed in 1989 and dealing with the investigation of extrajudicial, arbitrary and summary executions, says that governments must try suspects or extradite them to other countries wanting to try them. "Irrespective of who and where the perpetrators or the victims are, their nationalities or where the offense was committed."

But it is the Convention Against Torture, also signed by Britain and Spain, as well as Chile, that is seen as particularly relevant. It says that any country that has signed the treaty must put "the alleged offender" on trial if he is present on its territory, a clause that makes General Pinochet vulnerable to British law. The convention says that if the country does not try such an offender, it must extradite him to a country that will. In this case that would be Spain.

The general will not be able to claim immunity if genocide applies.

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## INTERNATIONAL

## 'Leave the Guy Alone,' Troops Say as Clinton Visits Korea

By Don Kirk  
International Herald Tribune

OSAN AIR FORCE BASE, South Korea — On a near-freezing pale-gray day on the tarmac of this U.S. Air Force base south of Seoul, President Bill Clinton did not have to offer any explanations for his conduct to GIs, most of them here on one-year tours without their families.

"They should just leave him alone," said Private First Class Robert Hensler, 22, who was bused to the base from an army post just south of the Demilitarized Zone that divides Korea. "They're putting their time on him when they should worry about Iraq. They should leave the guy alone."

Not all the 3,000 GIs on the tarmac maintained that the president should be entirely forgiven for his relationship with Monica Lewinsky, but it seemed most were on his side as they waited hours for him to arrive for a morale-boosting speech.

"I love him, he's my president," said an air force technical sergeant, Harriet Hicks, 36. Beside her, Senior Airman Yolanda Byrd said that whatever Mr. Clinton had done to prompt a special prosecutor's investigation and impeachment hearings was "his personal business, and everybody should stay out of his business."

It was that kind of day for Mr. Clinton. Clad in a dark-green military windbreaker, wearing a baseball that said "President Clinton" on the back, he flew from base to base on a Marine helicopter, going to church, shaking



President Clinton celebrating with Charles Thomas on the command sergeant major's birthday Sunday.

hands, singing "Happy Birthday" and even holding a baby or two, as though he were on the campaign trail in an election he was sure to win.

Images of the prosecutor, Kenneth Starr, and the congressional impeachment hearings were very much on the minds of GIs who see and hear American network newscasts regularly on the U.S. Armed Forces Network, but for the most part the troops were heartened that the president was among them.

"He got a lot of soldiers' and sailors' morale up for the holiday season," said Private First Class Jason Dietrich, 23, after Mr. Clinton praised the 37,000 U.S. troops in Korea for having "made the world a better place" and "made us very proud."

Mr. Dietrich, based in the port city of Pusan in the southeast, expressed the outlook of a significant minority of the troops, however, when he said he did not think Mr. Clinton should be entirely exonerated.

Asked if he thought Mr. Clinton should be punished in some way, he responded: "In a way, I think he should. If something like that happened to me, I'd get booted."

He added, "If I had to pay the price, why doesn't he have to pay the price?" But in his visits to bases, there were no embarrassing questions or public comments about Mr. Clinton's troubles on the home front.

The president began with a church service at Memorial Chapel, a Protestant

church at the Yongsan army garrison, headquarters in Seoul of U.S. forces in Korea, then flew to a training center set amid rugged peaks and valleys north of the capital. He personally promoted one soldier from private first class to specialist fourth class, then sang "Happy Birthday" for Command Sergeant Major Charles Thomas. "It definitely caught me off guard," Mr. Thomas said.

Mr. Clinton's visit may have reached a high point of sheer entertainment Saturday night, however, when he watched from off-stage as his half-brother, Roger Clinton, sang a set of rock tunes before about 3,000 Koreans in the Sejong Cultural Center, across a wide boulevard from the U.S. Embassy in Seoul.

## CLINTON: President Presses North Korea

Continued from Page 1

idential power, discussing policy with regard to the North.

Mr. Clinton, speaking several days after the North rebuffed efforts of a senior U.S. diplomatic mission to inspect the underground site, said the United States had made clear that Pyongyang "must satisfy our concerns and that further provocation will threaten the progress we have made."

Mr. Kim, who has been reluctant to use strong language in the face of a series of provocations this year by North Korea, said "all necessary steps must be taken to clarify the purpose and nature of the underground sites," including others where the North may be developing weapons. He vowed that South Korea would not "tolerate any possible attempt by North Korea to proliferate nuclear weapons or other weapons of mass destruction."

Before the meeting, however, the United States and South Korea were at odds over just how strong a view to take of the underground site at Kumsong, about 50 kilometers (30 miles) northwest of North Korea's nuclear complex at Yongbyon.

Charles Kartman, the special envoy who led the U.S. delegation to Pyongyang for two days of talks last week, issued an extraordinary "clarification" Saturday designed to allay Mr. Kim's specific concerns about the U.S. position. Mr. Kartman said he wanted to amend his statement earlier that there was "compelling evidence" that the site was "intended to be used for nuclear-related activities."

In his clarification, Mr. Kartman stated, as Mr. Kim had pointed out Friday, that "we lack conclusive evidence that the intended purpose" of the site is nuclear related. If the site is for nuclear activities, he added, intelligence analysts do not know "what type of nuclear facility it might be." Thus, he concluded, "full access to this site" is required.

Officials said the North had made a show of abiding by an agreement reached in Geneva in 1994 in which it promised to

give up development of nuclear weapons in return for construction of two nuclear reactors to fill the country's energy needs. U.S. Energy Department officials are in Yongbyon monitoring adherence.

Mr. Clinton, who gave the crisis over Iraq as the reason for canceling a visit to Malaysia last week for the annual session of heads of state of the Asia-Pacific Economic Cooperation group, takes off early Monday for a day in Guam, home of another major U.S. air base, before flying to Washington in the evening.

He indicated Sunday that one reason he chose to come to the base in South Korea was that the military danger on the Korean peninsula might be almost at the same level as that with Iraq. Citing "weapons of mass destruction" as "one of the greatest threats the world now faces," he said that "our attention lately has been focused on Iraq's efforts in that area."

"North Korea is also a major concern," he said, and this base, home of fighter jets, just a few minutes' flying time from the North, is "critical to the most dangerous battleground, deterring and, if necessary, defending against chemical and biological attacks."

Mr. Clinton, choosing words far stronger than any used by Mr. Kim, said that "signs of danger have intensified," ranging from submarine incursions into the South to the firing of a missile over northern Japan on Aug. 31 to the discovery of the suspect site. "So we must remain vigilant," he told the troops, "and thanks to you, we are."

U.S. officials insisted there was "no daylight" between the views of Mr. Clinton and Mr. Kim regarding the North, but they acknowledged differences between the United States and South Korea on trade issues.

Commerce Secretary William Daley, who accompanied Mr. Clinton on the trip, told American businessmen Saturday that "many of us feel that the 1998 financial crisis will become the 1999 trading crisis." Mr. Clinton urged Koreans not to yield to the "temptation of protectionism."

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## PANEL: The Gods Continue to Smile on Clinton

Continued from Page 1

saw a chance to peel away two or three Republicans on the House Judiciary Committee to vote against articles of impeachment, bringing a quick end to the matter.

But even the pessimists at the White House were increasingly hopeful of a rapid and favorable exit, believing that they had a decent chance of defeating an impeachment resolution on the House floor.

Mr. Starr's appearance before the Judiciary Committee was intended by the Republicans to showcase the prosecutor's bill of particulars against the president. Instead, the hearing laid bare the deep partisanship of the committee and the charged political nature of the impeachment inquiry itself.

"What people are going to remember from the hearing are the Republican members — and only the Republican members — giving Ken Starr a standing ovation at the end of his testimony," said a senior White House adviser. "The wheels are coming off their wagon, meaning the conglomeration of the Office of Independent Counsel" and the Republicans. "What they have accomplished is to trade Newt Gingrich for Ken Starr as the public face of the Republican Party."

On another front, White House lawyers continued to work on answers to a catalogue of 81 questions put to Mr. Clinton relating to Mr. Starr's impeachment report. Lawyers have been working on the responses for two weeks, but do not expect to submit them to the committee before Tuesday, after Mr. Clinton returns from a six-day trip to Asia. The president must approve the document before it is forwarded to the panel, a White House aide said.

But a lawyer working on the matter, who insisted on anonymity, said the White House was not stonewalling the committee. Some of the questions are "tricky," he said, adding that "there is no strategy to push it over to January," when a new, more closely divided Congress is seated.

While the cards continue to fall the president's way, Mr. Clinton's fate is still largely in the hands of Congress.

The White House is looking to Representative Bob Livingston, soon to be speaker of the House, to signal his intentions. He said last week that he hoped to have the matter resolved by the end of the year — an intention also expressed by Representative Henry

Hyde, chairman of the Judiciary Committee.

But Mr. Livingston said Congress was still awaiting resolution of a new matter raised by Mr. Starr, the complaint of Kathleen Willey that Mr. Clinton made an unwanted sexual advance near the Oval Office. The Judiciary Committee voted early Friday to issue four subpoenas to witnesses who may have information about the incident and about allegations that Mrs. Willey was persuaded to keep it quiet.

### Democrats Urge Lesser Punishment

In televised interviews Sunday, leading Democrats urged lawmakers to opt for a lesser punishment, amid rumors that Republicans would not be able to muster enough votes to pass an impeachment vote. Agency France-Press reported from Washington.

"We are not going to have impeachment," said Senator-elect Charles Schumer of New York, predicting that 40 to 60 Republicans would vote against such a measure. He said he would urge Republican leaders "to come up with a suitable punishment" — censure or rebuke — "so the next Congress can get on with the business of the American people," he said on CBS television.

Republicans were more circumspect about how to punish the president over allegations of perjury, obstruction of justice and abuse of power. But their rhetoric on impeaching the president over the Monica Lewinsky sex-and-perjury scandal seemed to soften.

Mr. Livingston reiterated that Republicans should vote their consciences. Members "shouldn't feel obliged by his party or by pressures from one sector or another to shy away from it, or to vote in any one way other than that which his conscience dictates," he said on NBC television.

Asa Hutchinson, Republican of Arkansas and a member of the House Judiciary Committee, said: "We are waiting for the president's defense. He needs to present that, but I have concluded I will not make a final decision until I hear the president's defense, until we have the debate, and all options should be on the table."

But he told CBS that "Republicans are not too excited about a censure, believing it's outside the Constitution."

Other Republicans indicated that they needed further concessions from the White House before they backed down.

## JAKARTA: 6 Are Killed in Riots

Continued from Page 1

for democracy after 32 years of authoritarian rule. President Suharto stepped down in May after widespread protests and rioting that left at least 1,200 people dead.

Critics of Mr. Habibie, who was a protégé of Mr. Suharto's, accuse him of trying to prolong his rule and say they doubt that his administration is truly committed to political reform. In the meantime, public confidence in the ability of the security forces to keep a lid on lawlessness is at an all-time low. Mistrust grew deeper following the shooting deaths of student protesters and revelations of widespread human rights abuses during the Suharto era.

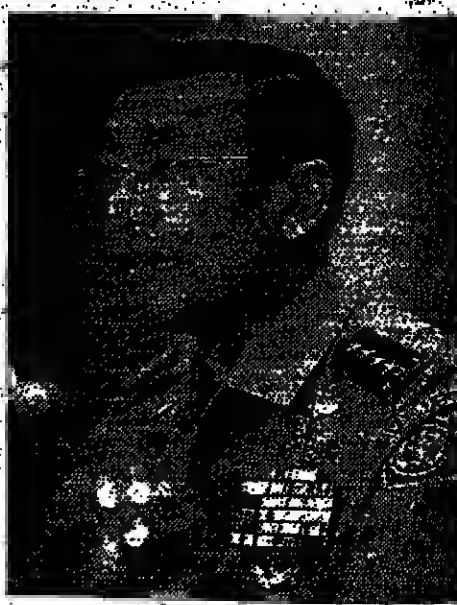
### New Inquiry Into Suharto Wealth

A government official has announced that Mr. Habibie would set up a commission to investigate the wealth of ousted former President Suharto, news agencies reported.

State Secretary Akbar Tanjung said Saturday that the commission would be formed soon after consultations with key ministers including the defense minister, General Wiranto. "The commission will comprise people that have integrity and high credibility," Mr. Akbar said.

He said the investigation would include charities and foundations headed by Mr. Suharto, but he did not say if it would extend to the former leader's family and friends, many of whom are business leaders. Some newspapers estimate the Suharto family amassed \$40 billion during his rule.

Former Prime Minister Paul Keating of Australia, who met Mr. Suharto on Thursday,



General Wiranto, the defense minister, speaking to reporters in Jakarta on Sunday about the rioting in the capital.

said Saturday the former president was ready for any inquiry into his rule and wealth.

On Sunday, the Indonesian military said that bullets had been found in the victims of violence of just over a week ago, but denied they were of any type used by the armed forces.

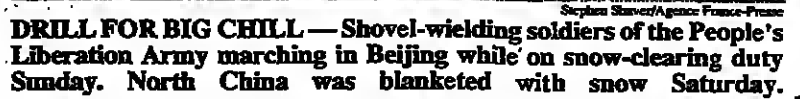
The military last week began investigating allegations that its soldiers disobeyed orders and fired live rounds instead of plastic bullets or blanks during the protests. A military spokesman, Syamsun Ma'arif, said the military had disciplined at least 163 troops, including 12 officers, who had failed to command their soldiers properly.

DO YOU LIVE IN THE U.K.?



While officials in Beijing, such as President Jiang Zemin and Prime Minister Zhu Rongji, speak in sweeping terms about protecting the environment for tomorrow, local officials are busy worrying about today. While Beijing's leaders promulgate stringent regulations designed to protect the Yangtze's watershed, local officials wonder who is going to pay for them — and look for ways around the laws.

During this year's floods, the Yangtze's flow peaked at less than 2 million cubic feet (56,600 cubic meters) per second, a rate it had surpassed 23 times since 1949, Chinese statistics say.



But for Mr. Xo, and other county chiefs like him, turning back the clock is not an option. The reclaimed lakes cannot really be restored, he said, asking, "What am I going to do with the people

Some Chinese officials say that a key reason they fear China will have difficulties learning the lesson of the floods concerns the way the country is governed. China deals with crises by issuing proclamations and blanket bans from Beijing. But the bans, poorly thought out and badly implemented, rarely work. Little effort is made to coordinate policy with county chiefs such as Mr. Xu, who then must implement the rules.

*Compiled by Our Staff From Dispatches*

Mr. Mahathir, who recently banned the foreign media from covering his press conferences, added: "I was told they have reached a stage where they show my pictures to children and tell them people

But on Sunday, hundreds of supporters of Mr. Mahathir in northern Perlis state burned an effigy of Mr. Gore and carried banners condemning him at a one-hour gathering, Bernama reported.

(AFP Reuters)

## Reviews

Commenting on speculation that the Lib-

In an opinion poll published in Sunday in the Asahi Shimbun, 45 percent of respondents said they were opposed to the coalition, while 29 percent supported it. The survey of 1,561 voters also showed that support for Mr. Obuchi's cabinet had fallen to 21 percent, the lowest level since the cabinet was formed in July, when Mr. Obuchi won the party leadership.

office said. (Reuters)

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## INTERNATIONAL

## Assassination of a Russian Liberal Shocks St. Petersburg

By Celestine Bohlen  
New York Times Service

MOSCOW — The killing in St. Petersburg of Galina Starovoitova, a leading liberal politician and tireless defender of Russia's democratic reforms over the weekend shocked her old allies, who claimed she was the latest victim of the country's lethally corrupt political climate.

President Boris Yeltsin sent his top law-enforcement officials to investigate the shooting death of the 52-year-old parliamentary deputy, who had been his close associate during the early years of Russia's transition from communism to democracy and served as his advisor on interethnic affairs.

According to the local police, Miss Starovoitova was struck and killed late Friday night by three bullets to the head in the entranceway of her apartment building off one of St. Petersburg's canals. Her press aide, Ruslan Linkov, was seriously wounded. The two guns used in the attack, a submachine gun and a pistol with a silencer, were found at the scene,

## Her Friends Say Reformer Was Victim of Corrupt Political Climate

in the style of Russian contract killings. [Mr. Linkov was shot in the head and throat, but military doctors treating him said Sunday that there was a good chance that he would live and that he might be able to provide clues about the shooting, Reuters reported.]

[The 27-year-old journalist, who underwent five hours of surgery to remove a bullet from the brain, was later reported to be conscious and reacting "normally" to those around him. He could not speak because of an artificial tube helping him to breathe.]

In a statement, Mr. Yeltsin expressed his "profound anger" and said he had taken personal control of the investigation.

He said the shots that "cut short the life of Galina Vasilyevna wounded every Russian who cherishes democratic values."

"A peremptory challenge was thrown at our entire society," Mr. Yeltsin said. Prime Minister Yevgeny Primakov, interviewed on television, was visibly

shaken as he expressed his outrage at the killing. "This banditry must be brought to an immediate end," he said.

Miss Starovoitova, a psychologist and ethnographer, was a spirited and visible leader of Russia's young democratic movement, who shared many a platform with Mr. Yeltsin and the late human-rights campaigner Andrei Sakharov in the late 1980s and early 1990s. She was a co-founder of Democratic Russia and kept a high profile as a leading if increasingly lonely "democrat" long after the movement fell into disfavor with a disgruntled electorate.

Most recently, she had declared herself a candidate for governor of the region outside St. Petersburg, in elections scheduled sometime next year. She had also recently remarried, prompting a string of articles about the personal life of one of Russia's few prominent women in politics.

Politicians of all stripes — including the leader of the Russian Communist Party — criticized the killing over the

weekend as a criminal act that was only the latest example of the lawlessness that has pervaded public life in Russia.

St. Petersburg, Russia's former imperial capital, has been the scene of a number of political contract killings in recent years. The city is also in the midst of a particularly nasty election campaign for the local municipal council, which has brought forth numerous accusations of dirty tricks.

"The question to be answered is whether this was a case of a political group getting even with a politician over a particular fact, or a contract killing on a wider level, aimed at provoking political consequences," said former President Mikhail Gorbachev, in an interview with a Russian news agency. He praised Miss Starovoitova as "learned, courageous and active, a born politician."

In an interview on Echo Moskvy, a Moscow radio station, former Prime Minister Yegor Gaidar, the first architect of Russian economic reform and a close political ally of Miss Starovoitova's,

said she had received many threats. Reportedly, she never traveled with a bodyguard.

"She was extremely tough in opposing radical nationalists and Communists in the Parliament," Mr. Gaidar said. "She was like a bone in the throat for them."

According to the St. Petersburg police report, Miss Starovoitova and her press aide were shot as they returned to her apartment in St. Petersburg's historic central district. Miss Starovoitova was already dead when their bodies were found by a neighbor at 10:45 Friday night. In their report, the police said they found \$1,700 and 1,000 Bulgarian leva in cash and several credit cards at the scene, apparently ruling out robbery as a motive.

The killing will be prosecuted under Russia's laws against terrorism, and the investigation will be carried out by Interior Minister Sergei Stepashin and Vladimir Putin, director of the Federal Security Service, who arrived Saturday in St. Petersburg.

Mr. Putin, who is from St. Petersburg, called the killing a "loathsome" event.

## A Tempest Over Claim of Plot on Mogul

By Michael Wines  
New York Times Service

MOSCOW — President Boris Yeltsin has ordered an inquiry into spectacular charges leveled last week — so far without evidence — that Russia's equivalent of the FBI plotted to kill one of the country's most influential tycoons.

The tycoon is Boris Berezovsky, an oil magnate, director of the largest Russian television network and a leading supporter of Mr. Yeltsin during the last presidential campaign in 1996. Mr. Berezovsky, who is still alive, made public a letter last week asserting that the Federal Security Service, a spin-off of the Soviet Union's KGB, which is responsible for domestic law enforcement, had plotted last winter to murder him.

His source, a Security Service colonel named Alexander Litvinenko, called a news conference Tuesday to promote the accusation and warn that a rogue element is running wild within the agency.

Moscow has talked about little else since. Mr. Yeltsin's spokesman, Dmitry Yakushin, said the president had ordered the security service and his chief national security aide to investigate the accusation.

Mr. Yeltsin "is seriously worried by the latest media reports that FSB officials have allegedly committed illegal actions," Mr. Yakushin said. FSB is the Russian acronym for the service, which is responsible for investigating organized crime, terrorism and foreign intelligence operations.

At his news conference, Mr. Litvinenko and several other agents — some thinly disguised in dark glasses — said the agency was infected by a "criminal group" that had been using it "for their own private political purposes, including settling accounts with unwanted people."

Besides the oral order to murder Mr. Berezovsky, which Mr. Litvinenko contended was issued by leaders of the agency, other bureau officers detailed what they said was a plot to kidnap the brother of another prominent Moscow businessman, Umar Dzhabrailov.

"Why the orders were supposedly issued — and why the plots were not carried out — was not clear. The agents took pains to note that all of the plots unraveled before the service's current director, Vladimir Putin, took command in August."

But Mr. Putin reacted angrily anyway, saying he had written evidence that some of the same officers who staged the news conference were themselves rogues who had pushed illegal crime-fighting methods. Some of them, he added, had been personal bodyguards for Mr. Berezovsky before working in the bureau. "They will be dismissed in strict accordance with the law," he said.

Mr. Putin ridiculed the allegations, arguing that experienced investigators like Mr. Litvinenko would have secured proof of their charges, perhaps through video surveillance, if they were true.

Mr. Berezovsky's Communist Party critics suggested that the once-powerful industrialist, his stature lowered by Russia's economic downfall, was simply seeking to recapture lost limelight.

## KL: Do Many Cranes Spoil Malaysia View?

Continued from Page 1

The government encouraged these projects to make sure Kuala Lumpur had enough hotel rooms for two big events this year: the Commonwealth Games in September and the Asia-Pacific Economic Cooperation summit meeting, which ended Wednesday.

But now that the Games are over and the foreign dignitaries have left, property analysts are asking what Malaysia will do with all that capacity. The number of hotel rooms in Malaysia has more than tripled in a decade, to 130,526 from 40,760, according to the Malaysian Tourism Promotion Board.

"The newer hotels are probably experiencing between 20 to 40 percent occupancy," said Ken Lee, head of marketing at C. H. Williams Talhar Wong Sdn., which serves as the correspondent office for the international property consulting concern Richard Ellis.

Two hotels still being built in the capital, a Westin and a Hyatt, have recently slowed or deferred further construction, raising the prospect that two concrete shells will remain in the city center as symbols of boom-years overconfidence.

The government's policy toward the property sector is consistent with its overall approach to battling the economic crisis. More than any other country in the region, Malaysia has tried to mitigate the effects of the crisis by keeping the economy moving: bailing out troubled companies, prodding banks to increase their lending and slashing interest rates. The result has been relatively few corporate failures and low unemployment.

On Friday, the central bank, Bank Negara, cut the minimum amount of repayment on credit card spending, to 5 percent from 15 percent, in its latest move to encourage spending.

Critics say Malaysia is postponing the pain and ignoring the need for fundamental reforms. The government counters that wide-scale bankruptcies will only worsen the downturn.

For a city of 3 million people, Kuala Lumpur has an unusual number of hotels. Many of them were built on the back of government incentive programs. The government offered tax deferrals, for instance, for hotels that were completed before the Commonwealth Games began in September.

"A lot of people were building because they thought the Commonwealth Games would bring large crowds," the consultant at Jones Lang Wootton said. "That didn't really happen."

With even the city's established hotels able to fill only half their rooms,

according to property analysts, a fierce price war is under way. A room at the Marriott goes for \$60. Down the road, the Ritz Carlton offers rooms for \$58.

Also saddled with massive overcapacity is the retail sector. Shopping malls have sprouted up throughout the capital in recent years. One project, a shopping complex and entertainment center called Berjaya Star City, will add 180,000 square meters (2 million square feet) of retail space when completed in 2001.

Michael Cheah, the project's developer, says he has sold 65 percent of the retail space. "It's no use saying there are too many shopping centers simply based on numerical statistics alone," he said this year. "The caliber of each center and its target market must be considered, too."

Both hotels and retail outlets depend heavily on regional tourist traffic, including visitors from Hong Kong and Singapore. But with the economic crisis leaving few spots in Southeast Asia untouched, flights between neighboring countries have been slashed as would-be tourists opt to stay home.

Occupancy rates in office buildings, too, have plummeted and taken rents with them. The average price per-square-foot for office space in the city center has fallen from 5 ringgit (\$1.30) to as low as 2.5 ringgit, all in the span of a year. Likely to suffer most are office buildings on the outskirts of the city, where average vacancy rates look set to reach at least 25 percent over the next few months.

But Kuala Lumpur's property glut is not just about empty buildings and lower rents. The swift fall in property values has larger implications for the economy as a whole.

Property-related borrowing makes up 30 percent of total loans in the banking system, according to Bank Negara, and many companies have used real estate to collateralize loans. When the value of their property falls below a pre-determined level, banks could ask the companies to come up with cash to make up for the lower values.

Many individuals also speculated on property during the boom years. Today, they are often left with unrentable properties and fat monthly payments. Gan Kim Khoo, a banking analyst at SG Research (Malaysia) Sdn. estimates these speculative property purchases make up 15 percent of total housing loans.

In recent months, rental signs have popped up throughout Kuala Lumpur's outlying residential areas. Nelson Tan, a real estate agent who works in the up-market suburb of Bangsar, says rents have fallen by about 30 percent in the past year.



SOMBER ANNIVERSARY — Senator Edward Kennedy placing flowers on the grave of his brother John on Sunday in Arlington, Virginia, as his wife, Victoria, looked on and his sister Ethel Kennedy placed flowers on the grave of Jacqueline Kennedy Onassis. It was the 35th anniversary of the assassination of JFK.

## Rapt Audience At Christo Trees

Agence France-Presse

RIESEN, Switzerland — More than 30,000 people flocked here over the weekend to view 178 trees that have been wrapped by the U.S. artist Christo and his wife, Jeanne-Claude, organizers of the exhibition said.

"Wrapped Trees" required a 33-person team to swaddle the trees surrounding Riehen's Beyeler Museum, using 55,000 square meters (590,000 square feet) of transparent polyester fabric and 23 kilometers (14 miles) of rope.

Christo's previous ventures have included wrapping the Pont-Neuf in Paris and the former German Parliament building, the Reichstag, in Berlin.

## NATO: Bonn Seeks Change on Nuclear Policy

Continued from Page 1

ward by neutral countries at the United Nations. German officials acknowledged that endorsing the disarmament proposal would have triggered a major dispute with its leading allies, but they said the new government wanted to serve notice it was serious about campaigning to have NATO renounce first-use and to diminish the alert status of its nuclear weapons.

With many of NATO's governments now run by leftist parties, the influence of political groups within the alliance that want to de-emphasize the role of nuclear arms has grown significantly. Canada, in particular, has declared its support for incorporating a no-first-use ban into the new strategic concept, which is supposed to chart the alliance's war-fighting doctrines for the 21st century.

Reserving the option of initiating a nuclear conflict has been a cornerstone of NATO's deterrence strategy for decades. Allied military commanders say that sustaining doubts in the mind of any adversary about NATO's willingness to escalate to the nuclear level is an important psychological

critical in the post-Cold War era if only to preserve a strategic equilibrium, because Russia still keeps tens of thousands of nuclear weapons on alert status.

U.S. officials said that Secretary of State Madeleine Albright had expressed serious concern in her discussions with her German counterpart about the perils that Washington perceives in making any changes in NATO's nuclear doctrine. But her appeals have gone unheeded largely because of overwhelming support among the Social Democrats and the Greens for a no-first-use pledge.

"We believe the Germans are using flawed logic and phony arguments," a senior U.S. policymaker said. "If we adopted a no-first-use policy, it would not only harm our deterrence strategy but would encourage rather than dissuade other countries to go after nuclear weapons. It makes no sense."

He dismissed the German position as "misguided and even dangerous." "Anything that departs from the status quo on the alliance's nuclear doctrine could wind up feeding the aggressive tendencies we are trying to contain," the official said.

## BRIEFLY

## Jiang Arrives in Moscow

MOSCOW — President Jiang Zemin of China arrived Sunday in Moscow for an informal meeting with President Boris Yeltsin that is intended to underscore warm ties between the world's most populous country and the largest.

Mr. Yeltsin's talks Monday with Mr. Jiang at the Ogaryovo residence near Moscow are expected to focus on trade and international issues, including cooperation in countering the perceived U.S. domination of the post-Cold War world order. But Russia's economic crisis will also cast a shadow over this sixth bilateral meeting, with Chinese humanitarian aid to its neighbor likely to be discussed, Interfax news agency said. (Reuters)

## For the Record

Russia's Far Eastern region of Sakhalin and Japan's main northern island of Hokkaido sealed an accord Sunday aimed at promoting trade and other ties in the latest sign of a growing rapprochement between Moscow and Tokyo. The agreement Sunday will help draw much-needed Japanese investment into infrastructure projects in the cash-strapped Sakhalin region. (Reuters)

The Cuban government has released two Cuban opposition figures "with serious health problems" from prison, a dissident group has announced. Jesus Chamber Ramirez and Dessi Mendoza Rivero, jailed for distributing "enemy" propaganda, were freed late Friday, according to the Commission for Human Rights and National Reconciliation. The move follows a request for their release by the Spanish government. (AFP)

Lava has oozed from the Colima volcano in western Mexico, reducing the threat of violent eruption but keeping surrounding villages on alert, local government officials said. The authorities had evacuated 758 people from villages near the volcano. (Reuters)

## IRAQ: UN Inspectors See Little Chance of Success in Rebuilding Effectiveness

Continued from Page 1

President Bill Clinton on a trip to South Korea, said Sunday that Iraq's objections to turning over documents to UN inspectors were unreasonable, Reuters reported. "Mr. Butler has said that their response is not satisfactory," Mr. Berger said. "He's gone back to them and asked for further information and we hope and expect to get that."

On Saturday, Mr. Berger repeated a warning that U.S. support for UNSCOM, including its unrestricted access to weapons sites and information, would be backed by military strikes if Iraq does not cooperate.

But the view inside UNSCOM is notably lacking the sense of a "greatly strengthened" mandate described by an adviser to Secretary-General Kofi Annan. Four senior inspectors, in interviews, said they could foresee no successful end to the panel's seven-year disarmament mission.

"The whole range of UNSCOM's authority has been eroded," said a long-serving foreign member of the panel's leadership. "There is nothing we can do to return to the effectiveness we had in 1995 and 1996."

Mission planners at UNSCOM have begun to devise ambitious tests of Iraqi cooperation, but they say they had no new defense against Baghdad's favored tactic of deflection and delay. UNSCOM expects neither defiance nor cooperation, according to inspectors and their diplomatic allies. Instead, they predict a return to past patterns of dissemblance aimed at frustrating the inspections without provoking open conflict.

For Mr. Clinton and Prime Minister Tony Blair of Britain, who issued and retracted attack orders last weekend, that prospect has the potential to blur their insistence that they will now strike without warning should President Saddam Hussein block efforts to uncover and eliminate banned weapons programs.

"That is the key question that is going to be haunting us in the next couple of weeks: What constitutes clear-cut noncooperation that justifies the use of force?" said a Clinton administration official. "If Iraq plays it the way they have in the past, they'll create enough gravitas to make it difficult for the Russians, French and Chinese to say they're not cooperating. The hard part is what you do to demonstrate that he's not cooperating,

because if he's smart, he doesn't make it obvious."

Well-informed diplomats said that it would be two or three weeks before UNSCOM could confront the Iraqis with meaningful surprise inspections and that the long interval since the last searches in July made it improbable that they would discover anything in the first round. The intelligence leads UNSCOM relies on are highly perishable, since Iraq routinely moves its caches of documents and equipment.

"Prudent and smart Iraqi planners, and they have plenty of those, will have taken every precaution," a UNSCOM inspector said. "Wherever we go, we'll find an empty room, and they'll hold the door open for us."

A series of apparently fruitless searches, inspectors fear, will weaken UNSCOM politically with a Security Council long since grown weary of the struggle with Iraq.

The council has promised a "comprehensive review" of Iraq's performance under the Se-

curity Council resolutions that ended the 1991 Gulf War, with an implicit view to lifting an eight-year oil embargo. The inspectors, one of them said, believe "the knives are out" for UNSCOM in the Russian, French and Chinese delegations.

Contrary to UNSCOM's expert view, the governing presumption in Mr. Annan's inner circle and in the Russian and French delegations here is that Iraq's disarmament is nearly complete.

Russia and France, in particular, are pressing for the comprehensive review to be finished by Christmas, with a view to lifting the oil embargo or listing a few narrow remaining tasks before doing so.

"You can never have 100 percent proof because it's too easy to develop, manufacture and hide biological weapons, so at some point the technical exercise gives way to a political judgment," said a confidant of Mr. Annan. "At some point, it becomes impossible to prove a negative."

## BANKS: Wall Street Wonders Whether a New Round of Megamergers Is Coming

Continued from Page 1

by a desire to have greater global reach and a stronger presence in the United States, despite its previous ill-fated attempts to jump into investment banking.

Under the proposed deal, expected to be announced Monday, Deutsche Bank would pay about \$90 a share for Bankers Trust.

Despite a cool reception on Wall Street for mergers, some U.S. institutions may feel compelled to follow Deutsche Bank's lead. Such moves would probably be limited to the top tier of U.S. banks that already have an international presence or have stated their intentions to develop such a presence.

Chase Manhattan Corp., which had serious merger discussions with the Swiss banking concern Credit Suisse and made repeated merger overtures to Merrill Lynch & Co. this year, may be on the hunt again. Other possible partners for Chase include Lehman Brothers Holdings Inc., Donaldson Lufkin & Jenrette, and Paine-Webber.

J.P. Morgan & Co., which is certain to be the subject of renewed merger speculation, is much more financially sound than Bankers Trust and has repeatedly stated its intention to remain independent.

Deutsche Bank's plunge into high-stakes investment banking is out of fashion these days. Many European and Japanese firms have already retreated from Wall Street in the past couple of years because they found it either too expensive or too difficult to break into that highly competitive world.

But by paying a premium of about \$13 for Bankers Trust over its stock price on Friday, Deutsche Bank is showing a renewed willingness to flex its muscles.

Executives close to the deal said Saturday that Frank Newman, Bankers Trust's chief executive, would be made co-chief executive of the new investment banking unit created by Deutsche Bank's acquisition of his company. It is uncertain how long Mr. Newman plans to stay on in that role, although executives involved in the talks dismissed the likelihood that Citigroup's



Tariq Aziz saluting Sunday during the opening of an Arab congress in Baghdad.

The American and British delegations intend to resist pressure for a clean bill of health for Iraq and each has a veto in the council.

Iraq's frustration with the review is seen as another likely occasion for conflict with the council.

former president, James Dimon, would take over that business.

Bankers Trust has 20,539 employees, with 11,399 in the United States and 9,140 overseas. It was already considering cutting its work force before this merger neared its conclusion, and there will probably be substantial layoffs after the merger is announced.

Although it is technically a commercial bank, Bankers Trust has more of an investment banking profile, especially with its recent moves into equities-related businesses.

The biggest move was to purchase Alex Brown of Baltimore in a deal valued at \$1.1 billion. It also bought National Westminster PLC's European equities business and the U.S. investment banking boutique Wolfensohn & Co.

But Bankers Trust has had a rocky start with Alex Brown, and the Wolfensohn acquisition is regarded by experts as something of a bust.

Bankers Trust's shares rose sharply on Friday, climbing \$3.25, or 7.3 percent, to \$47.25, because of the merger speculation.

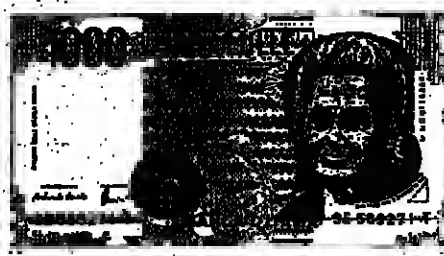


## We speak numbers fluently, but do you know in how many languages?



**French franc (FRF)**

Dexia's outstanding loans in the financing of public service facilities stood at FRF 631 billion on 30 June 1998.



**Italian lira (LIT)**

Dexia has a 40% stake in Crediop, the leading private bank for public service facilities in Italy. Its share of funding represented 25% of the open market for public sector on 30 June 1998.



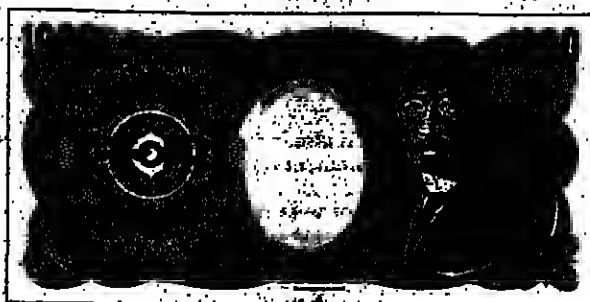
**US dollar (USD)**

Total outstanding commitments generated by the New York branch in public finance and project finance came to USD 3.914 billion on 30 June 1998.



**Swiss franc (CHF)**

Experta-BIL, banking company and Dexia's Swiss fiduciary, managed assets of CHF 4.087 billion on 30 June 1998.



**Yen (JPY)**

Crédit local de France's total outstanding bond issues (before swap) in yen stood at JPY 409.4 billion.



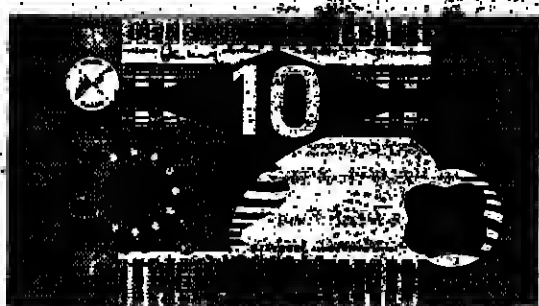
**Australian dollar (AUD)**

Dexia manages assets of AUD 205 million in Australia via AUSBIL Partners Ltd.



**Pound sterling (GBP)**

Dexia has two outlets in the United Kingdom. BIL London focuses on asset management. Dexia Municipal Bank (GBP 1.076 billion in outstanding credits on 30/06/98) is a significant player in the social housing and major projects markets.



**Dutch florin (Gld)**

NY Bank Nederland's presence in the Dutch municipal bank was one of the founding shareholders of Dexia.



**Canadian dollar (CAD)**

Dexia is providing financing for Canadian provinces and major cities as part of its North American expansion. Outstanding loans stood at CAD 656 million on 30 June 1998.

# DEXIA

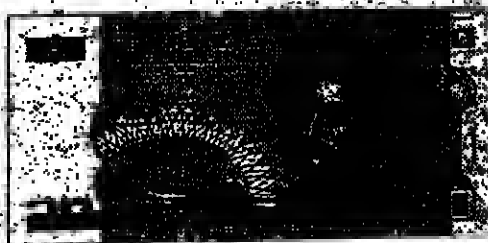
Dexia, the banking partner for local government in Europe, was created by the merger of Crédit local de France and Crédit Communal de Belgique. Already European

leader in the financing of public service facilities and with shareholders' equity of 6.2 billion euros, Dexia is currently expanding into Bank insurance and asset management.



**Belgian franc (BEF)**

Dexia's total outstanding deposits, all customer categories, came to BEF 2.896 billion on 30 June 1998.



**Austrian schilling (S)**

Dexia has a 26% stake in Österreichische Kommunalkredit. The bank of Austrian local government posted ATS 5.33 billion in new operations on 30 June 1998.



**Luxembourg franc (LUF)**

Dexia managed some LUF 885.3 billion in assets on 30 June 1998. These activities have been reassigned to the group's new specialised subsidiary, Dexia Asset Management (Dexam).



**Portuguese escudo (PTE)**

Dexia supplied the equivalent of PTE 1.004 billion towards the financing of the Tagus bridge.



**Swedish krona (SEK)**

Only eighteen months after startup, Dexia's Swedish subsidiary, Dexia Kommunbank AB, has total outstanding loans of SEK 5,083 billion on 30 June 1998.



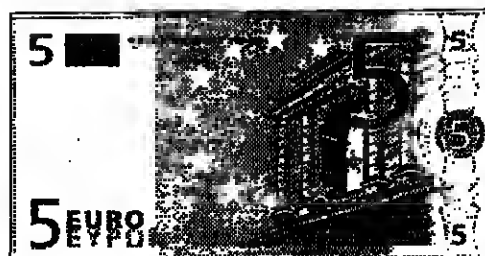
**Deutsche Mark (DEM)**

Since the beginning of 1998, Dexia Hypothekbank Berlin AG has issued a volume of DEM 5.5 billion on the Jumbo Pfandbriefe market. These issues have been given an AAA rating.



**Peseta (ESP)**

As part of the alliance signed in June 1998 with the group Argentaria, Dexia has acquired a 40% stake in Banco de Crédito Local, the leading banker of Spanish local authorities.



**Euro (EUR)**

On 15 September 1998, the market capitalisation of the group totalled 9.5 billion euros.



**Greek dracma (GRD)**

As part of a partnership agreement signed in early 1997, Dexia has been acting as advisor to the Greek national savings and deposits bank, in the areas of risk analysis, lending and resources policy.



## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Pyongyang Mischief

North Korea soon will begin admitting South Korean tourists for the first time, albeit on a tightly circumscribed itinerary. This is a fruit of President Kim Dae Jung's policy of engagement with the secretive and hostile North. Mr. Kim hopes gradually to defang his Communist neighbor through business investments and other contacts of various kinds.

The difficulty of this endeavor is illustrated by a different sort of tourism that the North is proposing. U.S. intelligence agencies have detected a vast, underground construction project that U.S. officials suspect may support nuclear weapons development. This would shred a 1994 agreement under which North Korea promised to freeze its nuclear weapons program in return for two energy-generating nuclear reactors and a large amount of fuel oil, to be supplied mostly by Japan, South Korea and the United States.

Last week U.S. officials visited Pyongyang to request access to the underground site. North Koreans offered a tour — for a fee of \$300 million. U.S. officials, you will be glad to learn, declined to pay. Discussions are expected to continue.

North Korea essentially blackmailed the West into the nuclear deal: now it is trying to up the ransom. And no wonder: its economy is more of a wreck than ever. A recent United Nations survey found that 62 percent of

North Korean children have been stunted by malnutrition and that 16 percent are severely malnourished. Yet North Korea's Stalinist dictatorship continues to pump money into its vast military. On Aug. 31 it shot a missile directly across Japanese territory and, according to a Washington Post story (11/17, Nov. 21), it is expanding its short- and medium-range missile programs.

President Bill Clinton, in Tokyo on Friday, said North Korea's conditions for a site inspection are "completely unacceptable," but he is not ready yet to give up on the 1994 agreement. Japan is upset that the United States did not react more forcefully to the Aug. 31 missile launch, but South Korea does not want Mr. Clinton to do anything to jeopardize its policy of engagement.

Mr. Kim wants to guide North Korea toward a "soft landing" — toward a program of gradual reform that would prevent both war and collapse, two live possibilities. That is Mr. Clinton's idea, too, as he reiterated on Saturday in Seoul. But wanting something does not mean it is feasible. Mr. Clinton has asked former Defense Secretary William Perry to review U.S. policy toward North Korea. "We are at a critical juncture in our relations with Pyongyang," Secretary of State Madeleine Albright said on Friday. If blackmail and blandishments are not working, there should be no pretense that they are.

—THE WASHINGTON POST.

## Hurry Up in Jakarta

After 32 years of dictatorship under President Suharto, Indonesians are understandably eager for free elections. President B.J. Habibie must move faster in preparing them and avoid the Suharto-style repression he has flirted with in recent weeks.

Mr. Habibie, who was Mr. Suharto's protégé, took over when his mentor was forced from power last May. He has made some limited steps toward democracy. But instead of seeking legitimacy through early elections, he has stretched out what should have been a brief transition.

This month, students returned to the streets of Jakarta for the largest demonstrations since the fall of Mr. Suharto. They were protesting the slow pace of Mr. Habibie's transition timetable, his anemic efforts to recover money stolen by the Suharto family, and the military's continued role in government. Unlike last May, the protests were not joined by the middle class, but they did draw support from the far more numerous, and desperate, urban poor.

Security forces overreacted, killing several students. Mr. Habibie seized on the violent crackdown as a pretext for interrogating several opposition political figures.

He is pushing ahead with plans that would defer selection of the next president until the end of 1999. Even then, the choice would not be made by voters but by a partially elected assembly likely to include large numbers of military officers and government appointees. It will lack the legitimacy to carry out painful economic reforms or cope with popular protests.

This week, Indonesia's Parliament will consider the army's future role in politics. Mr. Habibie and his political allies want the army to retain its hand in selecting presidents for five to 10 more years. That kind of military influence has no place in a democratic Indonesia. A quicker, cleaner transition to full civilian democracy is needed, and Washington should not be shy about saying so.

—THE NEW YORK TIMES.

## Get Down to the Case

The House Judiciary Committee's first hearing into the possible impeachment of President Bill Clinton could not have been a more disappointing spectacle for anyone seeking a serious and fair examination of how the charges against Mr. Clinton should be resolved. Kenneth Starr's testimony was, generally speaking, a credible defense of his own investigation and a useful refutation of the Monica Lewinsky imbroglio on the conduct of the president. But the hearing otherwise failed miserably to approach the matter at hand with even a pretense of rigor.

Mr. Starr's testimony described a deliberate quality in the president's deceptions: that Mr. Clinton, far from being sandbagged in his deposition, meant to mislead the court and to get Ms. Lewinsky to do the same. One might think that this construction of the evidence would have been provocative and worth exploring. Yet the Democrats avoided, at all costs, discussing the substance of the allegations against Mr. Clinton, preferring to make pious speeches about the presumed defects of the prosecutors, while making pious speeches about the rule of law and the president's misdeeds. Neither side evidenced much desire to use Mr. Starr's testimony as an opportunity to clarify or expand the factual record.

Then again, had the developing of facts been the objective, Mr. Starr would not have been the chief witness in the first place. His testimony was not itself evidence but a kind of commentary on the evidence, which is no kind of substitute for the committee's own fact-finding. The committee cannot disregard its obligation to establish its own judgments based on a full factual

record merely because the case against Mr. Clinton did not collapse after the testimony of the prosecutor. And questions remain about which Mr. Starr's evidence is equivocal — even if his conclusions are stated firmly.

Mr. Starr's testimony was mainly important because of the persistent questions about his own behavior. But while presidential lawyer David Kendall managed to make him look bad at times, Democrats never once credibly argued that any of his errors or misdeeds undermined any of the factual contentions that the prosecutor had made in his referral. Even on those points where Mr. Starr's testimony seemed inadequate and more information would still be useful — such as Mr. Starr's failure to address directly the question of how the Lewinsky matter first came to his attention — the Democrats achieved nothing save the satisfaction of seeing him momentarily flustered.

The path ahead should be clear. While speed is important in the committee's consideration of this matter, it does not obviate the need to address as rigorously as possible the questions on which the evidence is still less than crystalline — such as whether Mr. Clinton instructed Betty Currie to retrieve gifts that he had given to Ms. Lewinsky. This means disposing some of the central players in the Lewinsky drama.

Mr. Starr's testimony and the questioning that followed it suggests that whatever errors the prosecutor has made — and we believe there have been several of considerable magnitude — they will not save the president from accountability in this matter. This fact, however, should not entitle the committee merely to piggyback on Mr. Starr's prior investigation.

—THE WASHINGTON POST.

## In Bosnia, Calls to Agree on a Common History

By Tina Rosenberg

NEW YORK — Yugoslavia, it has been said, always produced more history than it could consume. Bosnia today has not one history of the recent war but one each for Muslims, Croats and Serbs, all contradictory. The division of memory along ethnic fault lines has produced a cycle of killing and revenge in the Balkans for more than a thousand years.

To try to break the cycle, some citizens' groups in Bosnia are proposing a commission to write a common history. The goal may be elusive, but it is well worth a try. The idea shows how more and more nations emerging from tyranny or war are designing independent groups, commonly known as truth commissions, to examine the causes and tell the full story of past crimes. But each country is adapting the idea to its own circumstances.

The Bosnian war has strengthened each ethnic group's sense of victimization. Many Serbs fervently believe that only Serbs suffered, and if they acknowledge that Serbs killed, they argue self-defense. Some Serbian war criminals are revered as heroes.

The same is true of many Muslims and Croats. Because Bosnia's schools

and media reinforce these nationalist myths, the children who are absorbing them will be under some when a demagogue like Slobodan Milosevic comes along to incite them to kill rather than be victimized again.

The International Criminal Tribunal for the former Yugoslavia, based in The Hague, was supposed to dampen these myths by personalizing guilt in individuals rather than in whole ethnic groups, and prosecuting accused criminals of all ethnicities (although most are Serbs, who committed the vast majority of Bosnia's atrocities).

But the tribunal can do little for this cause. It is far away and run by outsiders, and has not been able to get NATO to capture the top criminals. People in Bosnia learn of its activities mainly through its propaganda-filled media. It has been easy for Serbs to dismiss the tribunal as anti-Serbian.

All over the world, countries recovering from tyranny or war are finding that justice, while crucial, can play only a limited role in healing.

In Latin America, new democracies

and their judicial systems were too weak to combat amnesties that the military issued themselves. So they formed truth commissions as consolation prizes — if they could not attain justice, the commissions could at least officially acknowledge the victims' suffering and help them discover what happened in the secret torture chambers and killing fields.

In South Africa, where the new government felt less threatened by the old, the truth commission was able to offer amnesty to those who confessed their roles in political crimes.

Bosnia would need a different type of body, which should probably be called a historical commission, since the concept of truth is so politicized. It would complement the Hague tribunal by allowing the Bosnians themselves to try to write a common account of the war, embracing the suffering of all sides.

Dozens of citizens' groups, small political parties and the media back the idea, which was first set forth in a side agreement to the Dayton peace accords. Some Serbs have said that a post-World War II truth commission might have helped prevent the Bosnian war. Even leaders from all three groups

have indicated support — perhaps because each is sure that his group's version of history will be vindicated.

The strongest reservations, ironically, come from the Hague tribunal, whose members fear that witnesses might choose to tell their stories to the commission rather than to the tribunal. This is a reasonable fear, but the commission could be structured so that the Hague tribunal takes precedence. A draft proposal written by the U.S. Institute of Peace suggests that the commission include Bosnians from all ethnicities, selected by an international board after public consultation in Bosnia and approved by Bosnia's collective presidency. The commission's chairperson would be a foreigner. Since the tribunal and domestic war crime prosecutions exist, it would not be necessary to identify perpetrators by name.

The pathologies that the commission would be trying to cure could keep it from doing its job. The commissioners could divide along ethnic lines. Hard-liners could try to intimidate witnesses, or reject the report. But support for the idea among Bosnians of all ethnicities is a sign that it has a chance.

The New York Times.

## Upshot in Iraq: Saddam Endures, but So Do Sanctions

By Stephen S. Rosenfeld

WASHINGTON — Let us score President Bill Clinton's recent Iraq crisis.

First, none of Iraq's terror weapons were found or put out of commission, and Saddam Hussein remains in power. These are the key strategic considerations, and the commanding debits on the balance sheet. They ensure that Bill Clinton's crisis, which arose from George Bush's failure to finish Saddam off in the Gulf War, will go on.

In daily, tactical terms, however, President Clinton has something to show.

He got the international arms inspectors back into Iraq. Saddam's squeezing them out in August was the trigger of this crisis. Even in the best of circumstances, which do not exist, inspectors cannot guarantee to uncover hidden weapons of terror, but the inspections offer a proven better immediate prospect of further disclosure than anything else that is at hand.

He kept the oil embargo and the other internationally approved economic sanctions on.

Some contend that this does not matter at all that much to a Saddam indifferent to his own people's privations. But it matters urgently to a Saddam desperate to restore the military strength that is the basis of his regional and personal ambitions.

He brought the Atlantic alliance, the Security Council's other powers, the Arab consensus and everyone else who counts — the whole familiar gang of evaders and equivocators — into support of the pro-inspection, pro-compliance position in the showdown with Iraq. As the clock ticked down on the attack plans, Saddam Hussein found himself alone.

He found at least until the next test the widespread suspicion that he was a hesitant, "cruise missile president" un-

prepared to bring heavy military force to bear.

He managed this crisis by making a credible military threat and then, to keep from being cast as the aggressor, by quickly sheathing that threat when Saddam made his last-minute change of mind and admitted the inspectors.

He kept intact a stern and unanimous Security Council position requiring Saddam to satisfy the full demands of the inspectors before the council takes up Saddam's demands for relief from the oil embargo. To reinforce U.S. demands, American planes and missiles are remaining on station and on alert for some period of time.

The Clinton administration's explanation of the turn centers on what it describes as its decision to shift the general focus from America's troubled performance to Saddam's noncompliance with UN resolutions

and his continuing threat to the stability and peace of the region. Saddam's inspection shutdown of Aug. 5 provided the requisite occasion.

The result, as the administration now sees it, is the current squeeze on an isolated Saddam. Either he will comply — this is considered unlikely, although not to be entirely dismissed before the fact — or the American people and others will see that the United States occupies the moral high ground and will support the use of force, however problematic the consequences.

Again I note that none of this ensures the ouster of Saddam or the full revealing of his menacing armory and arsenal. But it is a politically sustainable way at least to restrain and burden him and to contain his capacity for making trouble. It is the better part of wisdom to acknowledge that more than that may not soon be in the cards.

The Washington Post.

## The Anti-Impeachment Republicans Should Call a Halt

By E. J. Dionne Jr.

WASHINGTON — Kenneth Starr's long day of testimony before the House Judiciary Committee on Thursday proved one thing with certainty: President Bill Clinton cannot be impeached on the current evidence without ripping apart the country and putting Congress's legitimacy at risk.

Fortunately, a significant and growing group of Republicans knows this. By preventing the House from throwing the country into turmoil, they will emerge as the quiet patriots of this sickly mess.

Even before the independent counsel spoke a word, the untenable nature of the process was put on public display. At first, House Judiciary Committee Chairman Henry Hyde gave David Kendall, Mr. Clinton's counsel, only 30 minutes to

question Starr. This threw Democrats into a fit. If Republicans were serious about building a public consensus for impeaching the president, they would have gone out of their way to subject Mr. Starr and his evidence to every test, and give the White House every opportunity to make its case.

But this hearing was about something else: a public relations exercise designed to shore up Mr. Starr's image and to satisfy Republican fire-breathers who probably spend even their sleeping hours dreaming of driving Mr. Clinton from office. The effort on behalf of Mr. Starr worked. He came off as smart, polite and controlled. If more than a trifle righteous, Republicans, including Chairman

Hyde, abandoned any pretense of objectivity and acted as deferential cheerleaders.

But some of the sheen was taken off by the resignation on Friday of Mr. Starr's ethics adviser, Sam Dash, who said that by testifying Mr. Starr had become "an aggressive advocate" who had "unlawfully intruded" on Congress's impeachment power.

Within minutes of Thursday's opening gavel, Democrats underscored how partisan the fight over Clinton has become. William Delahunt of Massachusetts forced a roll call vote on a proposal to let Mr. Starr question Mr. Starr more fully. The party-line vote against Mr. Delahunt's motion made the point. Sheila Jackson

Lee of Texas offered the definitive sound bite: "We have always argued that justice is blind, but we've never argued that justice is gagged."

There is little dispute about the underlying facts. They put the president in a bad light, which is why Democrats spoke so little about them.

What is divisive is whether the agreed-upon facts warrant impeachment. Democrats and, it appears, a substantial majority of the country believe that the president did wrong, but should not be punished by impeachment.

The plausibility of this view was underscored in a thoughtful exchange between Mr. Starr and Rick Boucher, a Virginia Democrat. Mr. Boucher noted, and Mr. Starr agreed, that if Mr. Clinton committed perjury, a prosecutor was free to bring a case against him after he left office. This, Mr. Boucher argued, preserved the principle that a president is not above the law, without putting the country through the torture of impeachment.

In another useful line of questioning, Charles Schumer, Democrat of New York, made clear that it would be very hard to prove that the president obstructed justice. Mr. Clinton's efforts to help Monica Lewinsky find a job began long before she was a witness in the Paula Jones case. And his alleged coaching of his secretary Betty Currie's memory took place before she had received any subpoenas.

Mr. Starr himself further narrowed the issue by declaring that he had found no evidence against the president in Filegate or Travelgate. This prompted Barney Frank, Democrat of Massachusetts, to ask why life had not passed these facts to Congress before the elections. It was a fair question that Mr. Starr did not adequately answer.

Indeed, for all of Mr. Starr's reasonableness, he could be remarkably evasive. His testimony was "chittered" with the sorts of phrases that Mr. Clinton and his aides have made famous: "I do not have a recollection," "I will search my recollection," and "I'm recalling that."

Mr. Kendall scored by questioning Mr. Starr's account of how Monica Lewinsky was treated when first interrogated by Mr. Starr's investigators in January — and whether she was encouraged to tape the president surreptitiously. Mr. Kendall and Zoe Lofgren of California also asked whether Mr. Starr had contemplated using Mr. Clinton's relations with women against him long before Ms. Lewinsky showed up.

Republicans could push on, calling in more lawyers to talk about sex and perjury. Or they could vote and shut this embarrassment down.

Bob Barr, Republican of Georgia, knows that anti-impeachment Republicans hold the power to do so. There are a lot of Republicans who don't have the stomach for this. Mr. Barr, an impeachment hard liner, told reporters after the hearings. He is right — and a good thing, too.

The Washington Post.

## What Smuggling Did for China

By Joe Zhang

BEIJING — China's crackdown on smugglers has far-reaching implications for its economy, including foreign trade and domestic prices.

As a large proportion of China's imports is in one way or another related to smuggling, the success of the crackdown means that imports will fall sharply in the next year or two. Domestic producers will search for substitute raw materials and equipment, but will have to pay higher prices.

Even if the country's total exports decline, its trade surplus will grow because imports will fall much faster. Imports of cheap raw materials and equipment have underpinned China's export boom for years, but the anti-smuggling campaign has put export growth in jeopardy.

As some companies have used letters of credit to obtain foreign exchange from government banks illegally, bankers are now being punished for colluding with, or turning a blind eye to, foreign exchange cheats. But the banks simply cannot afford the costs of tracking how their customers will use trade finance, let alone of ensuring compliance. To avoid the blame, some banks have started to shy away from issuing letters of credit, even to legitimate importers.

Many Hong Kong trading firms that are suspected of being smuggling agents will be hurt badly. Taiwan's trade with China will be similarly hurt.

As Beijing celebrates the

success of its anti-smuggling campaign, it should acknowledge the smugglers' great contributions to the Chinese economy. It should ask itself: Why was smuggling so rampant until recently?

The only reasons for smuggling are price differentials (largely due to high import tariffs) or import restrictions. For decades, domestic sectors monopolized by the Chinese government have been shielded from domestic and foreign competition. Inefficiency has translated into higher product prices. The victims were domestic consumers and the economy's efficiency.

Leaving aside the questions of illegality and moral judgment, smuggling has done the Chinese economy a big favor by cracking open the protectionist fortress and forcing Chinese companies to reduce their stockpiles of goods and become more efficient.

For decades, Chinese companies have resisted price adjustments by building inventories financed by bank loans. Smuggling, together with banks' growing reluctance to finance more inventories, has forced Chinese companies to reduce stock levels since mid-1997.

Any visitor to Shanghai can attest that its property sector's glut is like to the country's industrial glut. If only smugglers could force a de-stocking onto the property sector!

Many Chinese companies will benefit from the anti-smuggling campaign. Among them are those in the petrochemical, iron and steel, tobacco, pulp and paper, and automobile sectors.

The biggest loser is the consumer, along with the much needed lowering of prices in the economy. Partly as a result of the anti-smuggling drive, the government has managed to engineer a modest price rise in certain products, but the jury is still out on this issue. Many state sector firms have just started to understand that prices can go down as well as up.

Chinese banks only recently began to tighten loans to those spoiled state-owned firms. The recent price rises induced by the anti-smuggling drive are largely one-off because they are chiefly due to bottlenecks in China's distribution system.

Excited by the sudden demand for certain products, suppliers who still have big inventories will act to meet the "shortage." Yet producers will only need to increase their output slightly to cause prices to plummet.

China may have lost its smugglers, but it urgently needs an efficient free market mechanism in their place.

The writer, formerly a manager at China's central bank, is head of China research at HSBC Securities in Hong Kong. He contributed this comment to the International Herald Tribune.

## Herald INTERNATIONAL Tribune

ESTABLISHED 1907

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Tel: (1) 41 43 93 00. Fax: Subscriptions: (1) 41 43 92 10. Advertising: (1) 41 43 92 12. News: (1) 41 43 93 38

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S.A.S. an capital of 1,200,000 F. RCS Nanterre B 23501126. Commission Paritaire No. 61357

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## HEALTH/SCIENCE

## The Biology of Aging: A Quest for the Immortal Cell

By Nicholas Wade  
New York Times Service

**N**EW YORK — In the Greek myths, a terrible price is always paid by humans who seek to live forever, as if to discourage people from even the thought of sharing in the defining attribute of gods. Tithonus, a youth with whom Aurora, the goddess of the Dawn, fell in love, was granted immortality, but as he grew more bent and decrepit longed only for one other gift, the relief of death.

Chastened by such cautionary tales, we meekly accept that death is as inevitable as the dawn, knowing that our bodies will run down like an aging automobile when they exceed their design limit. So it was almost disquieting rather than uplifting to hear scientists at Geron Corp. in Menlo Park, California, talk about "immortalizing" certain cells that they hoped to derive from the recently isolated human embryonic stem cells. Surely the scientists were speaking metaphorically.

They were not.

The study of aging is undergoing a possibly profound change, and a handful of biologists, whose hubris has not yet been punished with a thunderbolt from Mount Olympus, are beginning to think about interfering with the mechanisms that make the body mortal. Immortalizing a cell is of course very different from making an individual live forever. But because people are made of cells, the two concepts have a deep and maybe exploitable link.

For decades biologists have known that the body's mortality is mirrored on

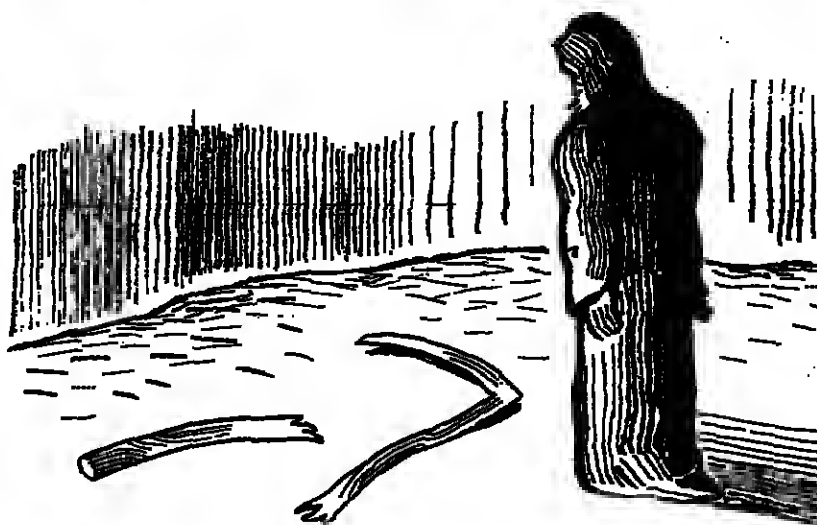
the cellular level by an immutable rule called the Hayflick limit. Leonard Hayflick, now of the University of California at San Francisco, discovered that when tissue cells are taken from the body and cultured in a laboratory dish, they grow and divide about 50 times — the number varies with the kind of tissue — and then lapse into senescence.

In January, Geron's biologists announced an electrifying finding: They had learned how to make human cells break the Hayflick limit. The basis of the Hayflick rule is a section of DNA known as the telomere, which gets shorter each time the cell divides. When the telomeres reach a certain minimum length, the cell is thrown into a terminal crisis.

All cells possess a gene, known as the telomerase gene, which can restore the telomeres to their youthful length. But in most cells the gene is permanently repressed and inactive. Geron's discovery was that by inserting a copy of the telomerase gene in active form into cells, it could make them grow and divide indefinitely.

For cells, the ability to divide indefinitely into two identical daughter cells is immortality. (The cell's atoms and molecules are continually being replaced, but its structure and informational content are unchanged from day to day.) For an individual, making clones of oneself in perpetuity would hardly count as living forever. What stands between a person and immortality is that almost all the body's cells are mortal and, though they turn over, eventually cease to replace themselves efficiently.

Two categories of body cell, however, are immortal in the cell's sense of



being able to divide indefinitely. One is the essence of life, the other of death. Cancer cells eventually learn how to unlock the bolted down switches on the telomerase gene, and with this last defense in their hands can defy all the body's careful control mechanisms and run rampant.

The other kind of immortal cell is the all-purpose, embryonic stem cells from which the whole organism develops. In embryonic stem cells, too, the telomerase gene is active, and the cells can divide indefinitely as long as they remain embryonic. As the fetus develops, however, the embryonic stem cells dif-

ferentiate, meaning that they progress down a variety of different pathways to become the specialized cells that form each of the body's different tissues. In the biologist's view it is differentiation that makes us mortal. As cells differentiate, they repress the telomerase gene. Some, like most brain and heart cells, seem never to divide again once the organism has reached maturity. Others, like skin and blood cells, can regenerate from stem cells specific to their tissue, but these tissue stem cells, descendants of the embryonic stem cells, also have a finite lifetime.

How then are embryonic cells gen-

erated from parents whose cells are irreversibly differentiated? In the embryo, a small number of stem cells are set aside, before embryonic development begins, and protected from differentiation. These cells, known as embryonic germ cells, migrate to the developing ovary or testis, where they generate the egg or sperm for the next generation.

Thus there is a special lineage of cells that permanently resist terminal differentiation, cycling indefinitely from embryonic stem cell to embryonic germ cell, to oocyte or sperm, to fertilized egg and embryonic stem cell again.

Geron's second amazing advance of the year was the isolation of human embryonic stem cells by two groups of researchers whom the company financed. One reason for its success was that under its visionary founder, Michael West, the company worked with leading academic scientists in the telomerase field. Because the embryonic stem cells were known to maintain permanently youthful telomeres, the company was drawn into the stem cell field and repeated the coup of signing up many of the leading university scientists in the field.

With its human embryonic stem cells and its telomerase gene, Geron has acquired two scientifically fascinating properties, though of course commercial pay-off may be years away. What the company hopes to do is to guide the embryonic stem cells down specific paths of differentiation toward becoming the specialized cells of heart, blood or any other desired tissue. Before being injected into a patient, these specialized cells could be immortalized by adding the telomerase gene in active form. The

tissues they formed in a patient would then be permanently youthful.

(There would be a problem of immunerejection, which Geron has not yet addressed. Dr. West, now at another company, said recently that he hoped to sidestep rejection by generating embryonic stem cells from the patient's body cells; their differentiated state would be reversed by fusing the cell with a cow's egg.)

If biologists can immortalize some of the body's cells by the Geron method, could they in time learn how to immortalize them all? William Haseltine, chairman of Human Genome Sciences in Rockville, Maryland, believes a solution lies with the tissue stem cells that provide for the regeneration of tissue like blood and skin. Tissue stem cells, descendants of the embryonic stem cells, may exist for many or all tissues but only a few have so far been isolated.

These tissue stem cells also get old in time and start to generate tired or compromised cells. Dr. Haseltine's idea is to replace them, before they start to do harm, with tissue stem cells immortalized with telomerase.

**T**HOMAS OKARMA, Geron's vice president for research, commented sternly that his own company had no such plans. Making the body immortal "is indeed fanciful and certainly something we don't even contemplate here," he said. "We are much more interested in dealing with the 20 or so degenerative diseases that have no present treatment and could be addressed with immortalized cells."

## Tamping Down Nicotine's Image

By Denise Grady  
New York Times Service

**N**EW YORK — If a biographer wanted to write about a spectacular comeback from notoriety to respectability, and the tenuous nature of comebacks, a good subject might be nicotine.

After denouncing nicotine for the highly addictive properties that hook people on tobacco, scientists are rehabilitating it, not only as a means of helping smokers to break their habit, but also as a potential treatment for a variety of other disorders, including stress, the intestinal condition ulcerative colitis, Alzheimer's disease, Parkinson's disease, attention deficit disorder and Tourette's syndrome.

Nicotine-replacement products, developed to help people quit smoking, used to consist only of chewing gum and skin patches, but now a nasal spray is available by prescription, as well as a product called an inhaler, which is really a fake cigarette made of plastic that a person sucks to get a dose of menthol-flavored nicotine into the mouth and throat, but not the lungs.

In addition, doctors are awaiting the approval of a nicotine tablet that patients will dissolve under their tongues to help fight their craving. In all the products, the nicotine is extracted from tobacco leaves.

But just as nicotine approaches the edges of respectability, a few researchers have begun to raise caution flags. Although all agree that replacement nicotine is safer than smoking — and worth some risk if it helps a person quit — a few are beginning to worry that some smokers are using nicotine products not just for the short periods the products were designed for, but for years.

They fear this use will only increase if nicotine products proliferate and if more become available over the counter, as the patches and gum already are. And if nicot-

ine or drugs chemically related to it do come into use to treat chronic diseases, the researchers say, there may be important side effects to take into consideration.

Recent studies directed by Blaise Conti-Fine, a professor of biochemistry and pharmacology at the University of Minnesota in Minneapolis-St. Paul, suggest that nicotine can damage cells that line blood vessels and the airways in the lungs. Papers by Dr. Conti-Fine and her colleagues were published last month in the *Journal of Pharmacology and Experimental Therapeutics*, and this month in *Molecular Pharmacology*.

The findings, which have raised concerns about the products among some other researchers in the field, have led Dr. Conti-Fine to warn that nicotine patches, gum and other similar products may not be safe if they are used beyond the three to six months recommended for smoking cessation.

**D**R. Conti-Fine said, "If I were a smoker, I would certainly take the replacement for a while, but not forever. Long-term usage might have the potential to cause problems, and I think it should be looked at with great caution."

Her warning extended to proposals to use nicotine over a long term to treat disorders like Alzheimer's disease and attention deficit disorder.

In studies of cells grown in the laboratory, she and her colleagues have found that cells lining the blood vessels and lungs carry nicotine receptors, molecules on the cell surface that link up with nicotine, which can then disrupt the cells. Normally, the receptors bind to a signaling molecule, acetylcholine, which plays an essential role in stimulating the cells to maintain their shape and connection to each other.

As Dr. Conti-Fine described it, the cells that line the lungs, blood vessels and

**More Than One Way To Kick the Habit**

While apparently safer than cigarettes, the many nicotine delivery systems might carry their own risks if maximum dosages are exceeded.

Product	DOSAGE (in mg)	OVER 24 HOURS
Nicotine Patches	7, 14 or 21	
Nicoderm CQ	7, 14 or 21	
Nicotrol	over 18 hours	15
Prostep	11 or 22	
<b>OTHER DELIVERY SYSTEMS</b>		
Nicorette Gum piece	max 24 pieces	2 to 4
Nicotrol Inhaler cartridge	6 to 16 doses	4
Nicotrol Nasal Spray	max 40 doses	1
CIGARETTES	1 to 2	

Source: Action on Smoking and Health

other surfaces in the body exist in a stretched and flattened shape and butt up against one another like floor tiles. By activating its receptor, acetylcholine directs the cells to stretch and flatten.

When nicotine parks at the receptor in acetylcholine's place, it initially activates the receptor, but then causes it to stop working, a process called desensitization. When that occurs, the signal to stretch is broken, and the cell balls up. "It rips off its connection with neighboring cells, and you make a hole," Dr. Conti-Fine said.

In the blood vessels, she continued, those holes may result in lesions that develop into artery disease. In the lungs, the holes may lead to bronchitis, and in smokers the holes may help other, cancer-causing chemicals in cigarette smoke to penetrate the cells.

She said she was particularly concerned about "smokeless cigarettes," RJR Nabisco's Eclipse and Philip Morris Cos. Accord, which are being marketed in some parts of the United States. The products release nicotine by heating tobacco rather than burning it, and are marketed as safer than cigarettes because they expose the lungs to far lower levels of tars and other dangerous combustion

products. But Dr. Conti-Fine said that if, as her studies suggest, nicotine itself is harmful, then people who use the smokeless products still risk lung disease.

Nicotine gum and patches do not expose the lungs to much nicotine, even from the bloodstream, Dr. Conti-Fine said, so its damaging effects on the lungs are unlikely to show up in people who use those products and do not smoke. But the replacement products would expose the blood vessels to nicotine.

"This is very strong circumstantial evidence that nicotine would have a direct, facilitating action on atherosclerosis," Dr. Conti-Fine said.

**T**O some researchers, the circumstantial nature of the evidence is a problem, particularly because there is no evidence from studies in people that nicotine gum or patches do any damage. And scientists have been on the lookout for harmful effects, especially on the heart and arteries.

A large study published in 1996 found no ill effects from nicotine gum, even among men who had used it regularly for five years. Another study showed no health problems in men who wore three patches a day for several months, three times the usual dose.

## Alarms Over Antibiotics in Food

By Barry James  
International Herald Tribune

**B**RUSSELS — When laboratory tests showed that an unidentified Dutch poultry farmer had become infected with the same antibiotic-resistant bacteria as his chickens, alarm bells went off around Europe.

As a result, the 15-nation European Union is quite likely next month to ban four more widely used antibiotics in animal feed, in addition to 15 that have been banned in the past. This leaves only four antibiotics that may be used in feed to stimulate animal growth in the Union, and they will be closely watched.

The livestock, poultry and pharmaceutical industries have long argued that the antibiotics sold for animal use are safe; and that there was no danger that they could create resistant bacteria strains that could infect humans. The case of the Dutch farmer, although isolated, placed that assumption in question.

A panel of experts recommended banning the most widely used animal antibiotic, Tylosin phosphate, along with virginiamycin, Bacitracin Zine and Spiramycin because they are similar enough to drugs used to human medicine to fear that resistance could be passed across the species barrier through gene transfer.

A spokesman for the European Commission, the EU executive body, said the experts could not prove that the widespread use of the drugs would cause antibiotic resistance in humans, but they could not disprove it either.

Since the animal antibiotics concentrate in the gut, which is removed before carcasses are sent to market, the risk of the drugs getting into the human food chain was thought to be nonexistent. But the spokesman, Gerard Kleij, said the Dutch example was a possible indication that the bacteria could be propagated through the atmosphere rather than, as more commonly feared, by eating animals or poultry that have been fed the substances. "Scientists are saying that we are getting very close to the last line of defense," Mr. Kleij said.

Experts acknowledge that the evidence for the prosecution is slender. But the outbreak of bovine spongiform encephalopathy, or "mad cow" disease, in Britain — and its as yet incalculable effect on human health — has made the EU sensitive to other food dangers, said

Emma Bonino, commissioner for consumer policy and health protection.

"The BSE crisis is not the only but probably the most glaring example of how consumer confidence in food and food safety has been shaken," she said. "Genetically modified food, the use of growth promoters, the existence of pesticides and dioxin residues in food, salmonella, E. coli, anti-microbial resistance all add to widespread consumer unease about what they eat."

The antibiotics ban could lead to another trade problem with the United States, with which the EU already is in conflict over its refusal to admit imports of hormone-treated beef. Two of the four manufacturers that would be affected by the proposed antibiotics ban are American-owned — Pfizer Inc., which makes virginiamycin, and Elanco Animal Health, a division of Eli Lilly & Co., which makes Tylosin phosphate.

## The case of a Dutch farmer placed assumptions about the drugs in livestock feed in question.

The commission's scientific steering committee, which is looking at the whole question of drug-resistant bacteria, will vote in December on the proposed ban, which could go into effect on Jan. 1. Mr. Kleij said it was important to advance solid scientific reasons for imposing a ban. Without them, the EU would be open to a challenge in the World Trade Organization, as it has been in the case of hormones in beef.

The experts' recommendation does not apply to the use of the antibiotics for the treatment of animal diseases, but to their routine use in feeds. Regular low doses of antibiotics not only help keep livestock healthy, but also improve the absorption of nutrients, which helps the animals grow faster on less feed, and thus increase profits, particularly in intensive farming operations. The four antibiotics under suspicion are widely used in pig and poultry raising, where animals or birds are closely confined in pens or cages and at risk from cross-infections.

If the ban is adopted, Mr. Kleij estimated, about 1,600 tons of antibiotics or 15 percent of the total used by both humans and animals in the EU, would be removed from circulation. The manufacturers stand to lose a market worth several hundred million dollars.

Sweden, Finland and Denmark have long opposed using antibiotics in feed, and have banned them under temporary exemptions from EU rules.

In a Darwinian adaptation, some strains of bacteria have become resistant to one or many of the antibiotics used in human medicine. Doctors warn that this may lead to some diseases, such as tuberculosis, or even common infections becoming untreatable. The prospect of completely resistant bacteria through misuse by humans rather than through the use of antibiotics to animal husbandry — has some researchers warning of "the coming plague."

Bacteria, single-cell micro-organisms that have survived for billions of years, can multiply explosively within short generation spans. Their ability to swap genes makes their development unpredictable and dangerous. The big fear of many researchers is that resistance to an antibiotic called vancomycin could spread from enterococci, which are found in the human or animal gut, to another bacteria called staphylococcus aureus. If this happened, there would be no defense against an estimated 25 percent of staph infections, often acquired in hospitals, for which vancomycin is the only remedy. One animal antibiotic, avoparcin, was banned three years ago because experts considered that it could lead to the emergence of bacteria resistant to vancomycin.

**A**CANADIAN study indicated that the use of antibiotics in livestock raising was leading to mutations of salmonella and E. coli bacteria that can cause serious and sometimes fatal illnesses in humans.

Although examples of gene transfer have been observed in the lab, veterinary researchers have argued that the use of antibiotics to promote the healthy growth of animals posed no risk to human health. Most bacteria in animals are incapable of surviving in humans. Without the protection provided by regular doses of antibiotics, animals could be at greater risk from disease, such as the outbreak of "scours" or diarrhea that afflicted pigs in Sweden after growth promoters were banned there. Epidemics of animals resistant to antibiotics for therapeutic purposes, defeating the purpose of a ban on growth promoters. And experts say that a ban would almost certainly lead to higher prices in the supermarket.

## Better Hope the Audience Isn't Rooting for You

By Holcomb B. Noble  
New York Times Service

**N**EW YORK — A new study suggests that if you have to make a speech at the stockholders' meeting, give your first piano recital or do the tango in a dance contest, you may want to have Mom and Dad — and anyone else who wants you to excel — stay home.

Two psychologists, Jennifer Butler of Wittenberg University in Springfield, Ohio, and Roy Baumeister of Case Western Reserve University in Cleveland, say their research showed that people did less well on tasks performed in front of audiences who were rooting for them than they did in front of those who were not. The study was published in the November issue of the *Journal of Personality and Social Psychology*.

To study the effects of supportive audiences, the researchers organized three laboratory experiments. In the first, 40 people were seated before a one-way mirror and asked to count

backward by 13 as quickly and accurately as possible starting with the number 1470.

Half were told that a friend was seated on the other side of the one-way mirror; half were told that a stranger was there. Those believing they were performing in front of a friend made a median number of 17.2 correct subtractions, 1.7 errors and a total of 18.9 calculations. Those told they were before a stranger performed more calculations with fewer errors: with 23 correct subtractions, 2.8 errors and 25.8 calculations.

In the second experiment 23 subjects were asked to perform a difficult video game — flying a simulated aircraft through an obstacle course quickly — and were told that all observers were strangers. But half of the observers would receive a cash prize, as the performers would, if the performance surpassed a certain score.

The other half were told that only the performers would receive cash. Before observers who would receive cash, the

performers took 10 seconds longer and crashed four times as often as those performing before an audience with no financial interest in the outcome.

The third experiment, with 93 participants, was the same as the second, except that the subjects were told that a third group of observers was added that would receive the cash prize if the performers failed.

In this test, steps were taken to account for possible personality, emotional and skill-proficiency differences among the performers. Here the differences were smaller, but, again, the performers were faster and crashed less often before the adversarial group than the supporting group.

Why should this be? Concentration, most students of peak performance agree, is the key to skilled performance. And, Mr. Baumeister said, "people's reactions to those who support them, including fear of disappointing them, may be more distracting than their reactions to those you don't care about them."

## IN BRIEF

## Man Is Moving Fingers of New Hand

**NEW YORK (NYT)** — An Australian man who received a transplanted hand and forearm in France seven weeks ago has begun moving each finger of the new hand and is gaining function with surprising swiftness, his doctors said last week. They said that so far the man, Clint Hallam, had not shown any signs of rejection and had escaped adverse effects of potent immune-suppressing drugs.

A rejection reaction can occur at any time in someone who has received another person's tissue. If such a reaction occurs in Mr. Hallam, his doctors said, they are confident they can control it with standard drugs. Hallam is "far ahead of schedule, doing superbly and better than any of us ever would have hoped," said Earl Owen, an Australian microsurgeon who headed the international team that performed the transplant.

## Attention Deficit Disorder a Mystery

**BETHESDA, Maryland (Reuters)** — U.S. scientific experts said last week that they still know little about "attention deficit hyperactivity disorder," despite years of diagnosis and treatment of the condition in children.

The most common childhood behavioral affliction, ADHD strikes 3 percent to 5 percent of the U.S. population from 4 to 14 years old. Such children are often unable to sit still or engage in group play or follow rules, and can be disruptive, distracted or unpopular with classmates.

"After years of research and clinical experience with ADHD, our knowledge about the cause or causes remains speculative," said David Kupfer, a University of Pittsburgh psychiatrist and chairman of a panel convened by the National Institutes of Health to study the condition.

Most of the experts said there was no evidence that drugs like Ritalin are being overprescribed to treat the disorder. The panel supported the use of such short-term medication, but not for more than a year.

"The diagnosis is a mess," said Daniel Gure, a panelist who is a psychiatrist at Washington University in St. Louis. But he said children with ADHD were easily recognizable: "If you've been around children, these kids stick out like sore thumbs."

The NIH panel met for more than two days. Its mission was to describe the impact of ADHD on society and families, effective treatments and directions for future research.

## Piece of Devastating Asteroid Found?

**LOS ANGELES (Reuters)** — An American scientist said last week that he had found a tiny fossilized chunk of a huge asteroid that is believed to have crashed into Earth 65 million years ago and caused the extinction of the dinosaurs.

Frank Kyte, a geophysicist at the University of California at Los Angeles, said the chunk was encrusted in mud and buried beneath 150 feet (45 meters) of sediment in the north Pacific Ocean. Researchers believe the sediment layer contains the record of a large asteroid or comet impact.

"Although the fossil meteorite is only a tenth of an inch in size, it was 1,000-times bigger than anything else in the sediment," Mr. Kyte said. "In this dark brown sediment, I saw this small white speck." Mr. Kyte, who presented his analysis of the rock in the Nov. 19 issue of the *Journal of Nature*, said he confirmed his discovery after finding it contained lots of iridium. He said the fossil allowed him to conclude that the huge space object that struck Mexico's Yucatan peninsula was probably an asteroid, not a comet.











## CAPITAL MARKETS ON MONDAY

## With Market at 'Nosebleed Levels,' Value May Rest in Mundane Picks

WASHINGTON — In the chic restaurant of the Royalton Hotel in midtown Manhattan, so stylish there is no name, not even a street number, on the door — a ruffled money manager named Scott Black is gesticulating wildly as he speaks in his Maine accent, ruffling his papers, practically grabbing me by the lapels. This is one passionate guy.

He is talking about how high the stock market has run up. "These are nosebleed levels! It's ridiculous! Welcome to Holland and the tulip bulbs," he said, referring to the famous mania of 1634-37, when the Dutch were paying three times their annual income for flower seeds.

So, what has Mr. Black done with the \$1 billion he manages for such clients as Johns Hopkins University and the Irvine

Foundation? Has he stashed it in bonds or Treasury bills? Not at all.

"By any historical measurement, the market is overpriced," he said. "But that doesn't keep me out of the market. This is a market of stocks, not a stock market. We can find companies that are reasonably valued and in good businesses."

Instead of buying Coca-Cola Co. or soaring Internet stocks, he has been buying small-capitalization "value" stocks — mostly companies people have never heard of, often in stuffily boring businesses, so un-cliche that their chief executives would probably be banished from the Royalton's restaurant for eating the pumpkin risotto with a spoon, not a fork.

Mr. Black is not alone. After scoffing at small-company stocks for years, Wall Street is finally taking notice. On Oct. 9, for reasons no one can quite figure out,

small-caps got hot. Maybe it was just that they had been cold for so long.

At any rate, over the next few weeks, the Russell 2000 index, which tracks these shares, shot up more than 20 percent. But there is lots of room to catch up. At the close Friday, the Russell was still down 10 percent for the year, while the Standard & Poor's 500 was up 20 percent. Many smart investors maintain that the divergence between large- and small-caps cannot last.

"Small-caps are incredibly cheap," said Ken Greiner of Dalton, Greiner, Hartman, Maher & Co., a New York firm that manages money for such big institutions as American Express Co. But not all small-caps are great buys,

both Mr. Black and Mr. Greiner say. Instead, they gravitate toward the "value" galaxy of the small-cap universe. Value stocks are ones that have been shunned by Mr. Market, that metaphorical manic-depressive who stands for all investors, and appear cheap by normal standards such as price-earnings ratios, or P/E's.

A recent report by Eric Sorenson and two colleagues at Salomon Smith Barney Research called for a "tilt to value" — in part to correct another imbalance. "Growth" stocks (the ones Mr. Market goes nuts over) have been vastly outperforming value stocks over the past five years. So small-cap value could be a confluence that presents profitable opportunities.

Mr. Black certainly thinks so, and it is worth paying attention to him. Since 1980, his portfolios have returned an average of 19.2 percent annually, compared with 17.0 percent for the S&P — and he has done it with stocks that have less volatility than the overall market. "No exotic strategies," promises Mr. Black's firm, Delphi Management Inc. of Boston. Nothing but straight bottoms-up stock picking.

What does he like? First, a Silicon Valley-based company that is not in high technology. It is Ross Stores Inc., a chain that sells off-price women's clothing in 350 outlets, mainly in California and Florida. It is run well, with profits growing at about 15 percent annually, but it trades at a P/E of just 12.

Mr. Black has also been buying shares of a tiny (market capitalization \$80 million) business with a great brand name: Gerber Childrenswear Inc., which was spun off from the baby-food company in June and sells at a P/E of 11.

He is enthusiastic, too, about three overlooked regional banks: Peoples Heritage Financial Group Inc. in New England, a profitable institution with a P/E, based on earnings estimates for the year ahead, of just 10; Colonial Bancorp Inc., which concentrates in Alabama and Florida and has loans growing at 15 percent a year and a P/E of 11; and Sovereign Bancorp Inc., with 300 branches in eastern Pennsylvania and a P/E, according to Mr. Black's

projections, of just 10.

High tech? While the pickings are slimmer, Mr. Black has found a company called InVision Technologies Inc., which makes an explosive detection system used in airport security. The company has installed its expensive machines, which check luggage as it goes into the cargo hold, in Israel and Britain and the United States. Based on his estimates, the P/E is just 10.

Mr. Greiner has a very different list — which indicates just how many small-cap bargains are out there — and a slightly different style. While Mr. Black looks for value stocks that have shown signs of double-digit profit increases, Mr. Greiner is willing to purchase inexpensive companies that do not tell "a great growth story."

Like Mr. Black, he picks stocks, not sectors, but he is especially fond lately of restaurant chains, which have been clobbered this year.

Mr. Greiner's favorites are Sharro Inc., a string of 862 restaurants that feature pizza and pasta, and Landry's Seafood Restaurants Inc., with 122 outlets in 26 states.

Sharro has an excellent balance sheet, with loads of cash. The stock, Mr. Greiner says, is significantly undervalued, and it is likely that management will do something — perhaps purchase another business, buy up its own shares or get bought out — to increase its value to shareholders.

Landry's has had disappointing earnings this year, but Mr. Greiner maintains that they are related to weather, not to a fading product. The stock has dropped 68 percent since Jan. 1 and now trades at a P/E of 6.

Mr. Greiner, whose firm's investments have outstripped the S&P by an average of 9 percentage points annually over the past three years, also likes Plantronics Inc., which makes telephone headsets. Popular with telecommuters, they are now being worn by normal business folks who like to keep their hands free while they talk on the telephone. Unfortunately, Plantronics has soared 64 percent since the start of the year, so it is not screaming "buy" anymore. "On our system, it is marginal," said Mr. Greiner, whose firm also started serving in June as sub-adviser to a public mutual fund, MainStay Small-Cap Value. Watch for dips.

Meanwhile, Edward Elfenbein of Microcap Stock Digest, another small-cap

maven who has kept the faith, added a recommendation this month for Vertex Communications Corp., which makes antenna systems for satellite communications. Thanks mainly to concern over Asia, the stock has dropped 29 percent this year and now trades at a P/E of 9.

Finally, Morgan Stanley Dean Witter has started a "recommended list of our favorite small-capitalization investment ideas."

It currently includes just seven names, including Foodmaker Inc., which operates more than 1,000 Jack in the Box fast-food restaurants, at a P/E of 10; Terex Corp., a maker of heavy-duty trucks and cranes, at a P/E of 8 despite long-term earnings growth of 16 percent annually, according to Bloomberg News; and Novel Denim Holdings Ltd., which provides denim garments and fabrics, mainly to Europe, at a P/E of 12 and a growth rate of 25 percent.

That is more choices than the menu at the Royalton has. Anyway, I understand pumpkin risotto is trading at a ridiculously high P/E.

## Most Active International Bonds

The 250 most active international bonds traded through the Euroclear system for the week ending Nov. 20. Prices supplied by Reuters.

Rank Name Cpn Maturity Price CNY4

189 Austria 4.30 07/15/02 102.200 42.160

199 Austria 5.00 07/15/02 102.300 42.160

Belgian Franc

171 Belgium zero 02/15/99 99.113 3.5200

199 Belgium zero 02/15/99 99.113 3.5200

British Pound

99 Arlington 4 zero 12/02/22 24.200 0.6400

145 Future Rentals 2 zero 03/01/01 87.722 2.7000

175 Britain 8 12/07/00 105.000 7.1010

175 Britain 8 12/07/00 105.000 7.1010

218 Arlington 4 Fm 5.5 11/17/15 104.379 5.2000

221 Waterchase 5.5 11/17/15 104.379 5.2000

223 Fannie Mae 6 06/07/02 104.000 4.6100

226 TAC Prime Fm 7.5 02/15/02 104.379 5.2000

227 High Educ Inc 7.154 04/24/28 94.319 7.5000

Danish Kroner

32 Denmark 9 11/15/00 109.500 8.2000

34 Denmark 9 05/15/01 115.400 8.2000

44 Denmark 7 11/15/07 117.200 5.9400

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## French Franc

158 France OAT 5M 04/25/00 108.500 4.8400

168 France OAT SP zero 10/25/11 33.710 5.3000

178 France OAT 5M 04/25/00 108.500 4.8400

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## Italian Lira

230 Italy 9M 02/01/99 100.950 9.4100

Spanish Peseta

170 Spain 5 01/01/01 103.200 4.8400

177 Spain 6 01/01/01 111.400 5.3000

212 Spain 6.15 01/01/01 113.710 5.4100

Swedish Krona

191 Sweden 10M 05/05/00 108.200 9.4200

213 Sweden 9 04/20/99 134.290 6.6000

223 Sweden 5 01/15/04 103.450 4.8100

223 Sweden 6M 05/05/00 115.000 5.4500

U.S. Dollar

13 Brazil Cpn 5 04/15/14 78.045 4.7100

13 Argentina Cpn 6M 02/28/99 75.547 4.7000

13 Brazil Cpn 5 04/15/14 78.045 4.7100



Company	Price	Change	Volume	High	Low	Open	Close	52-Week High	52-Week Low	Dividend	Yield	PE Ratio	Market Cap	EPS	Book Value	Ratio	Notes
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00	100	11.10	11.10	11.10	11.10	11.10	11.10	0.00	0.00	10.00	100	1.00	1.00	1.00	
AAI	11.10	0.00															

Price field footnotes:  $\nabla$  = net capital gains distribution  
 f = previous day's quotation; a = stock dividend or split

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# Malaysia Capital Curbs: Risks Remain Despite the Blush

By Paul Blustein  
Washington Post Service

KUALA LUMPUR — It has been two and a half months since Malaysia shocked world financial markets by imposing strict controls on capital flowing in and out of the country, and to hear the Malaysian tycoon Francis Yeeoh tell it, the move is already paying off handsomely in businesses like his.

Instead of backfiring, as the proponents of economic globalization at the International Monetary Fund and U.S. Treasury had not-so-secretly hoped, the controls are saving Malaysia from being destroyed by the Asian financial crisis, according to Mr. Yeeoh, managing director of YTL Corp., one of the country's biggest conglomerates.

"Interest rates have come down from 11 percent to 7 percent," Mr. Yeeoh said. "Banks are suddenly starting to do business. The stock market is improving." Mr. Yeeoh's cement plant, he added, is benefiting from a revival in infrastructure spending.

"There's confidence in home-buying now, too," he said. "Suddenly I get 3,000 people queuing to

buy houses at a project of mine."

The question for Malaysia, though, is whether that rosy glow on some sectors of the economy is a real indication that its vital signs are improving or just the temporary result of a palliative that will do more harm than good in the long run.

Many analysts are betting that Malaysia will eventually rue the decision, which stemmed in part from Prime Minister Mahathir bin Mohamad's outrage over currency speculators driving down the value of the country's currency, the ringgit.

Mr. Mahathir has established himself as a leader among the critics of unfettered global markets and the International Monetary Fund's orthodox economic prescriptions. The IMF and the Clinton administration are eager to discourage other countries from following his lead in imposing controls. They contend that doing so would damage nations' chances of attracting new investment and achieving a lasting recovery.

"The danger is Mahathir will look good for six or nine months, and then, just as the whole thing starts falling apart, people in the region will be saying, 'Mr. Ma-

hathir's approach works, and the IMF's doesn't,'" said Robert Manning, an Asia specialist at the Council on Foreign Relations.

The controls have enabled Malaysia to adopt a stimulative economic policy, including tax cuts and sharply lower interest rates, without worrying that traders would dump the ringgit. That is because, under the controls, it is illegal to withdraw money from Malaysia in less than one year; moreover, the government has fixed the exchange rate at 3.8 ringgit per dollar and prohibited the holding of ringgit overseas.

Critics contend that Malaysia, free for now from the discipline imposed by the currency markets, is adopting policies that only exacerbate fears about its propensity for grandiose projects and weaknesses in its banking system. Along with the low-interest-rate policy, the authorities have ordered banks to expand lending by 8 percent a year and eased the rules on reporting bad loans.

"Capital controls might have been positive if Malaysia used the opportunity to buy time for itself to restructure the banks, or restructure

the corporations," said Tan Min Lan, an economist at Merrill Lynch & Co. in Singapore. "But at this point, you can't say with confidence that this window of opportunity is doing them any good."

According to Douglas Paal, president of the Asia Pacific Policy Center, Mr. Mahathir is desperately trying to pump up the economy until next year, when elections are scheduled, because he is locked in a power struggle with his popular former deputy, Anwar Ibrahim, who favors more conventional economic policies. Mr. Anwar is on trial on corruption and sex charges.

"Where will they be a year from now, when people can take their money out of the country?" Mr. Paal said. "The economy will be like a balloon popping."

Malaysian officials counter that such doom-mongering exaggerates the nature of the controls.

The controls, according to Zeti Akhtar Aziz, the deputy governor of the Malaysian central bank, are "designed to achieve the specific objective of containing speculative capital." They should pose no concern for the kinds of long-term investments Malaysia wants, she said,

particularly foreign manufacturers.

And Mr. Mahathir, at a news conference last week, said that since the controls were imposed the government's reserves of foreign currencies have risen by about \$4 billion. Even critics concede that this probably means people are keeping their money in the country, defying predictions that the controls would spark illegal capital flight.

But economists say the evidence so far is spotty and inconclusive, and many are skeptical that demand is rising.

"Everywhere, business is down," grumbled Kamal Marican, manager of a Kuala Lumpur jewelry shop, who estimated that customer traffic has dropped by 15 percent since controls were imposed.

The real test of controls will come in the future, when investors decide whether to put money again into a country that turned on them.

"They've shot themselves in the foot," said Stuart Goh, an investment manager at Pacific Asset Management in Singapore, which sold its holdings of Malaysian bonds shortly before controls were imposed. "We would definitely be very cautious about going back in."

## SHORT COVER

### Chinese Army Gives Up a Business

SHANGHAI (Reuters) — The Shanghai garrison of the People's Liberation Army of China has handed over a large military enterprise to the city government, in line with a directive that the armed forces give up commercial activities, the Xinhua news agency said Sunday.

The concern, Yunfeng Industries Co. — whose businesses include real estate, automobile repair, transport, storage, pharmaceuticals, chemicals, hardware, electrical equipment and building materials — was transferred to the city-owned Shanghai Ludi Group, Xinhua said.

It is believed to be the first such handover reported since President Jiang Zemin ordered the army in July to relinquish businesses, in a move to stamp out graft.

China said Friday that its military, judiciary and police would surrender their sprawling business empires by the end of the year.

### Hong Kong Property Rebound?

HONG KONG (AP) — Thousands of people swamped a developer's sales office and snapped up apartments this weekend at a new housing development, a possible sign of rebounding confidence in the economy, newspapers reported.

Nearly 85 percent of the 1,268 apartments were sold at prices that indicated that the slump in the property market — prices had fallen as much as 60 percent since August 1997 — may have bottomed out.

### Nomura Unit Gets New Leadership

NEW YORK (NYT) — The U.S. unit of Nomura Securities Co. of Japan has named a new executive team to decide the fate of Capital Co. of America, Nomura's once-high-flying but now money-losing mortgage trading operation.

Nomura appointed Michael Hurdlebrink, 55, the chief operating officer of its London-based Principal Finance Group, to serve as chief executive of Capital Co. He replaces a team of executives headed by Ethan Penner, the star bond trader who resigned in September, and Boyd Fellows and Brian Pilcher, whose resignations were announced Friday.

Capital Co. has suffered heavy losses amid the turmoil in debt markets, and Nomura said, without elaborating, that it was weighing several possibilities for the unit.

### Russia Crisis Reduces China Trade

MOSCOW (AFP) — Trade between China and Russia fell 6.8 percent in the first 10 months of the year, compared with a year earlier, as a result of the financial crisis that exploded in Russia in August, the Interfax news agency reported Sunday.

From January through October 1998, trade between Russia and China fell to \$4.47 billion, according to Russian figures. Russian exports to China fell by 10.2 percent, to \$2.96 billion, while Chinese exports to Russia increased by 0.7 percent, to \$1.51 billion, the news agency said. Before the financial crisis erupted in Russia, hopes were high that bilateral trade this year would approach the record \$7.68 billion of trade recorded in 1993. Now predictions are for a 1998 total of \$5.0 to \$5.6 billion.

### Kuwait Stocks Hit 25-Month Low

KUWAIT CITY (AFP) — Stocks fell to a 25-month low here Sunday as investors awaited proposals for an economic reform package to bolster the depressed market. The Kuwait Stock Exchange index dropped 0.6 percent to close at 1,823.8 points.

The Kuwaiti cabinet was discussing changes in the stock market recommended by a committee that includes the central bank governor, Salem Abdulaziz Sabah, and the exchange chairman, Hisham Obeidi. The central bank is believed to be urging the government to stick to its current policy of nonintervention in the stock market, which lists 75 companies.

## BATTLE: Microsoft and Oracle Fight for Database Business

Continued from Page 13

battle to Oracle's home turf by choosing the show as a venue to introduce the newest version of its database program, SQL (called sequel) Server 7.0.

Oracle, which had just announced an upgrade to its database, called Oracle 8i, was not about to let its rival make an unchallenged splash in its home market.

"We were delighted but surprised by their naiveté at the show," said Mark Jarvis, Oracle's senior vice president for marketing. "Did they really think we were going to let them come here and make a database announcement?"

While Microsoft is the larger company, Oracle is a far bigger player in the database market. It accounted for 39.3 percent of the \$6.6 billion relational database market last year, according to figures from Gartner Group/Dataquest, International Business Machines Corp. followed with 26.8 percent, while Microsoft had 7.4 percent.

After Microsoft scheduled its announcements, Oracle responded by returning to Comdex following an absence of several years, and Mr. Ellison arranged to give a speech last Monday night, a day after Bill Gates, the Microsoft chairman, opened the show with a presentation and just hours after Microsoft announced "SQL Server 7.0. Mr. Ellison spoke about how Oracle's latest attack on Microsoft's Windows judgment."

For Oracle 8i, Mr. Ellison introduced the operating system in a highly professional, except for communicating with the computer's memory and network, he said, the Oracle database handles most of its operations autonomously, and the existence of a full-fledge op-

erating system slows it down. So Big Iron is supposed to be a refrigerator-sized computer with just the few elements of an operating system necessary to support Oracle's database.

Of course, a Big Iron computer could not run anything outside the Oracle database, but Mr. Ellison said that half the users of Oracle databases run them on dedicated servers anyway. Oracle 8i can support applications, itself, including Web browsers and word processors. In fact, so many programs could run inside Oracle 8i that you could look at it as an operating system, though Mr. Ellison was careful to say that Oracle was not getting into the operating-system business.

Oracle is negotiating with several manufacturers to make Big Iron. The cost of the systems would be comparable to current servers with Oracle 8i.

Mr. Ellison also used the occasion to trumpet what he saw as Oracle 8i's advantages over SQL Server. He offered \$1 million to anybody who could make a specific research query on SQL run more than 1/100th the speed of the same process on Oracle 8i, which he said had run faster than his Microsoft competitor in every benchmark test ever done, an assertion that depends on your definition of what was being tested.

He was particularly proud of a function that allowed Microsoft documents to be easily transferred into an Oracle database, where they could then be searched by different criteria.

He also introduced a new program called "Hot" databases are good, depending on what you want to use them for," said Carolyn DiCenzo, principal analyst at Gartner Group/Dataquest. Oracle executives seemed surprised

that Microsoft had not made concessions to network computing. Microsoft seemed surprised they were surprised. "They missed the significance of the Internet," Mr. Jarvis said of Microsoft. "All of their actions are distancing themselves away from the trends in the industry."

Mr. Demas of Microsoft saw the opposite. "Our belief is that PC servers running on Windows NT will be the way companies decide to go."

Although Oracle executives gleefully predict that the Internet and the model of networking it inspires will make computer users around the world eager to abandon the tasks of server administration, the reality may be more complex.

Patrick McGovern, chairman of the research and financial publisher International Data Group, said that many corporate departments would want to have control over their servers and their data. He predicted that about 65 percent of users would opt to retain the client/server architecture, while the rest would opt for the megaserver concept.

"The megaserver fights against the idea of autonomy," he said.

Mr. Jarvis agreed with that. "The only people who want control of the data are the users," he said.

Not a populist, however, Mr. Jarvis said that chief executives and their top technology officers would want to control the information themselves, and that it made sense to centralize the power in a corporation with its leaders.

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## Worried About Image, Microsoft Goes Polling

By David Segal  
Washington Post Service

WASHINGTON — Ever since the Justice Department filed suit against Microsoft Corp. in May, government lawyers have tried to paint the company as a corporate predator. Apparently, Microsoft executives want to know if any of that paint is sticking.

The company said Friday that it had hired firms to survey consumers to determine whether the antitrust trial is tarnishing Microsoft's image. The polls, a company spokesman said, are a routine part of efforts to keep in touch with customers and are designed to help Microsoft combat allegations leveled by the Justice Department.

"There have been a lot of allegations and a lot of things said that are untrue," said Jim Cullinan, a company spokesman, "and we want to make sure our message is getting out there as well. And we want to gauge the effect of the constant PR efforts by the government."

Mr. Cullinan did not provide details about Microsoft's polling. He would not say which firms had been retained for the work, how much the polls cost, what questions were asked or how many consumers had been contacted.

Until recently, Microsoft had a fairly positive image, with most consumers maintaining that the company had earned its dominant position by dint of superior products and marketing, according to the Washington pollster Mark Mellman, whose Mellman Group surveyed the public about Microsoft for Fortune magazine last year.

"The company's image," Mr. Mellman said, "is one of their most important assets, and it must be protected with the same ferocity and care that they protect other assets."

## PORT: Harbors Bid

Continued from Page 13

groups and port and government officials has long argued efforts to keep American ports up to world standards, especially since the 1980s, when most transportation industries were deregulated.

Port and surface transportation officials complain that while 75 percent of the operating cost of a cargo ship is spent on land activity, they did not get to participate in planning the megaships.

"The carriers' approach to the port is, 'We build bigger ships; you figure out how to handle them,'" said Ralph Cox, a transportation consultant in Boston.

As a result, port development has lagged far behind ship development.

The advances in vessel technology have dramatically pointed up the shortcomings in the U.S. infrastructure, said Henry Marcus, chairman of the Ocean Systems Management Program at the Massachusetts Institute of Technology.

Federal spending on port development and on freight transportation in general has been limited, Mr. Nagle said. The \$221.6 million for ports in the current U.S. budget falls short of the \$350 million needed just to sustain current maintenance projects, he said. The ports themselves spend about \$1.5 billion a year on capital improvements.

Other than making lease payments, the shipping lines generally do not help pay for improvements.

But they have the upper hand, because they have more alternatives. Macris/Sea-Land, for instance, feels no need to restrict itself to United States ports to serve American markets, said Tommy Thompson, the president of Macris. Transporting goods into the United States from ports in Canada or Mexico would do just as well, he maintains.

As Mr. Pisani of the Transportation Department put it, "The shippers can move their assets around, the ports can't."

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#### NOTICE OF EXTRAORDINARY GENERAL MEETING

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Fidelity Special Growth Fund (the "Company") will be held at the registered office of the Company in Luxembourg on December 2, 1998 at 11.00 a.m. to consider the following agenda:

1. To hear the report of the Auditor to the Liquidation.
2. To approve the report of the Liquidator and of the Auditor to the Liquidation.
3. To grant discharge to the Liquidator and to the Auditor to the Liquidation.
4. To grant discharge to the Directors in office at the date of Liquidation.
5. To resolve the closure of the Liquidation of the Company.
6. To resolve to keep the records and books of the Company for a time of 5 years at the registered office of the Company.
7. To note the arrangements made for the liquidation of the Company which cannot be converted into a convertible currency as at the date of Liquidation to be distributed to shareholders as and when they become convertible. And to note the transfer of the proceeds which cannot be distributed to the persons entitled to them to the Caisse des Consignations (state depository) to be held for their benefit.

If you are not able to attend the above Extraordinary General Meeting, you are urged to entrust your proxy and return it to the registered office of the Company prior to the date of the Meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may not vote by proxy.

By Order of the Board of Directors  
July 10, 1998

**Fidelity Investments**

### FIDELITY FAR EAST FUND

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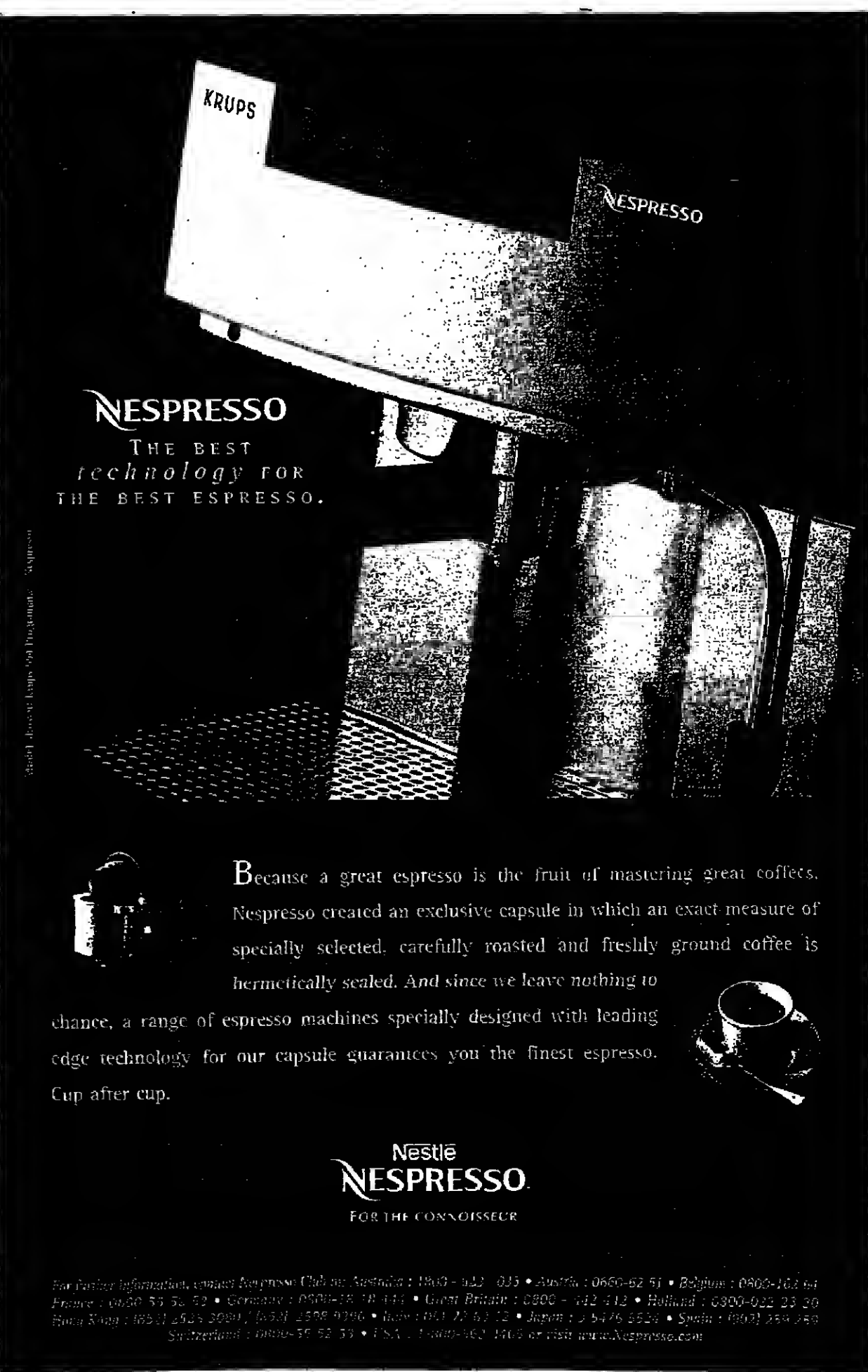
1. To hear the report of the Auditor to the Liquidation.
2. To approve the report of the Liquidator and of the Auditor to the Liquidation.
3. To grant discharge to the Liquidator and to the Auditor to the Liquidation.
4. To grant discharge to the Directors in office at the date of Liquidation.
5. To resolve the closure of the Liquidation of the Company.
6. To resolve to keep the records and books of the Company for a time of 5 years at the registered office of the Company.
7. To note the arrangements made for the liquidation of the Company which cannot be converted into a convertible currency as at the date of Liquidation to be distributed to shareholders as and when they become convertible. And to note the transfer of the proceeds which cannot be distributed to the persons entitled to them to the Caisse des Consignations (state depository) to be held for their benefit.

If you are not able to attend the above Extraordinary General Meeting, you are urged to entrust your proxy and return it to the registered office of the Company prior to the date of the Meeting.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may not vote by proxy.

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THE INTERMARKET  
Starts  
on Page 4

## International Student Travel

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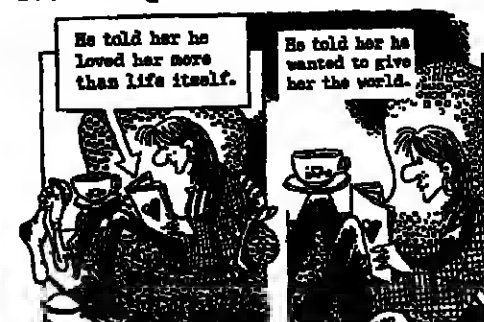
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## SPORTS

## Fiesta Bowl Hopefuls: Still a Crowd at the Top

### Tennessee, Kansas State and UCLA All Win

The Associated Press

The Bowl Championship Series was introduced to provide a clear champion in college football with a showdown between the top two teams. But with three premier teams still unbeaten, the picture remains cloudy.

Tennessee, which started the weekend No. 1 in both The Associated Press poll and the Bowl Championship rank-

## COLLEGE FOOTBALL

ings, which will determine who is invited to the Fiesta Bowl, crushed Kentucky on Saturday.

Kansas State, ranked second in the AP poll but third in the BCS ranking, held on to beat No. 19 Missouri, while UCLA, the AP No. 3 but the BCS No. 2, beat its traditional rival, Southern California.

Tennessee has two more games and Kansas State has one, against Texas A&M on Dec. 5 in St. Louis in the Big 12 championship game. UCLA completes its season Dec. 5 at No. 22 Miami.

If more than one of the unbeaten teams lose, a string of teams with just one defeat — as well as unbeaten Tulane — could enter the Fiesta Bowl picture.

**No. 2 Kansas State 31, No. 19 Missouri 28** The Wildcats (11-0, 8-0 Big 12) got one touchdown pass and one TD run from their quarterback, Michael Bishop, to complete the first undefeated regular season in school history.

"I can't tell you whether we're the No. 1 team in the nation or the No. 2 team," said Bill Snyder, the Kansas State coach. "I haven't watched Tennessee play. I haven't watched UCLA play."

Missouri (7-4, 5-3) has lost 35 straight games to Top 10 opponents over the last 17 years and has lost six straight to Kansas State. But this one was close. Missouri was at the Kansas State 42 when Corby Jones overthrew John Dausman at the 10 with 1:19 to go.

**No. 3 UCLA 34, Southern California 17** In Pasadena, the Bruins beat error-prone USC to win their 20th straight game behind 109 yards rushing and four touchdowns by DeShaun Foster.

The Trojans (7-4, 5-3 Pac-10) turned the ball over seven times, including four fumbles in 22 minutes, as they lost to UCLA (10-0, 8-0) for the eighth straight time.

**No. 5 Florida State 23, No. 4 Florida 12** Florida State (11-1) kept alive its hopes of making the Fiesta Bowl as it beat Florida in Tallahassee.

Peter Warrick had a 32-yard touchdown reception and threw a 46-yard touchdown pass off a reverse as the Seminoles scored the final 17 points.

Sebastian Janikowski kicked three field goals, and the top-ranked Florida State defense limited the high-powered Gators (9-2) to just 201 yards and 14 yards rushing.

## Penn Claims Ivy Crown

Compiled by Our Staff From Dispatches

Jim Finn had 36 carries for 188 yards and a touchdown as the University of Pennsylvania won at Cornell to clinch the Ivy League championship.

Cornell gave Penn a scare Saturday with three fourth-quarter touchdowns, but the Quakers held on, 35-21. The Quakers scored on offense, defense and special teams. The defense recorded four sacks and four turnovers.

**Yale 9, Harvard 7** In Cambridge, Massachusetts, Mike Murawczyk kicked a 27-yard field goal to give an outplayed Yale team victory over Harvard.

**Brown 10, Columbia 3** Alex Pittz intercepted a pass in the end zone with 1:15 remaining as Brown held off Columbia in New York. Brown led Yale for second in the Ivy League.

**Princeton 35, Dartmouth 13** In Princeton, New Jersey, Derek Theisen rushed for 171 yards and two touchdowns in leading Princeton over Dartmouth. (AP, NYT)

No. 7 Ohio State 31, No. 11 Michigan

16 In Columbus, Ohio, the Buckeyes (10-1, 7-1 Big Ten) beat No. 11 Michigan for just the second time in 11 years to win a share of the conference title and keep alive their slim Fiesta Bowl hopes.

But Ohio State lost a chance to go to the Rose Bowl when No. 13 Wisconsin beat No. 16 Penn State, 24-3.

Joe Germaine, the Ohio State quarterback, tossed three touchdown passes and the Buckeyes turned a pair of botched punts into scores to beat the Wolverines (8-3, 7-1).

**Mississippi State 22, No. 9 Arkansas 21** In Starkville, Mississippi, Brian Hazelwood kicked a 27-yard field goal with seven seconds left as Mississippi State upset Arkansas to take control of the Southeastern Conference West race.

Mississippi State (7-3, 5-2) will win the SEC West title if it can prevail at Mississippi on Thursday night, or if Arkansas (8-2, 5-2) loses at Louisiana State on Friday.

**No. 10 Notre Dame 39, Louisiana State 36** In South Bend, Indiana, Jarious Jackson, the Notre Dame quarterback, passed for 276 yards, ran for 80 more and engineered the winning touchdown drive as Notre Dame (9-1) beat LSU (4-6) to keep alive its distant hopes for a bowl game.

**No. 12 Tulane 48, Houston 20** In New Orleans, Shaun King threw a career-high five touchdown passes as Tulane and won the Conference USA championship. The Green Wave (10-0, 6-0) accepted an automatic bid to the Liberty Bowl if it is not invited to the BCS.

**No. 13 Wisconsin 24, No. 16 Penn State 3** At Madison, Wisconsin, Tom Burke had four sacks, and Nick Davis scored on an 82-yard punt return as the Badgers beat Penn State (7-3, 4-3) to earn a berth in the Rose Bowl.

**No. 14 Georgia 24, Mississippi 17** In Athens, Georgia, Olandis Gary ran for 132 yards and two touchdowns, and Georgia (8-2, 6-2 SEC) stopped Mississippi (6-3, 4-4) twice at the 1-yard line.

**Oregon State 44, No. 15 Oregon 41** Ken Simonson ran for a 16-yard touchdown in the second overtime to stun Oregon (8-3, 5-3 Pac-10).

Simonson, who had 157 yards rushing and four touchdowns, broke through the line on second-and-one, ran right and barely made it into the end zone.

The Beavers (5-6, 2-6) thought they had won in the first overtime, when Simonson scored his third touchdown and they appeared to stop Oregon on downs. Thousands of fans stormed the field. But a flag was thrown for pass interference, giving the Ducks a first down. Four plays later, Oregon tied the game.

**No. 20 Air Force 22, Rice 16** Mike Tyler returned an interception 26 yards for a touchdown with 8:23 remaining, as the Falcons claimed a berth in the Western Athletic Conference championship game.

Air Force (10-1, 7-1 WAC) clinched the Mountain Division title and will meet the Pacific Division champion, Brigham Young, for the league title on Dec. 5 in Las Vegas.

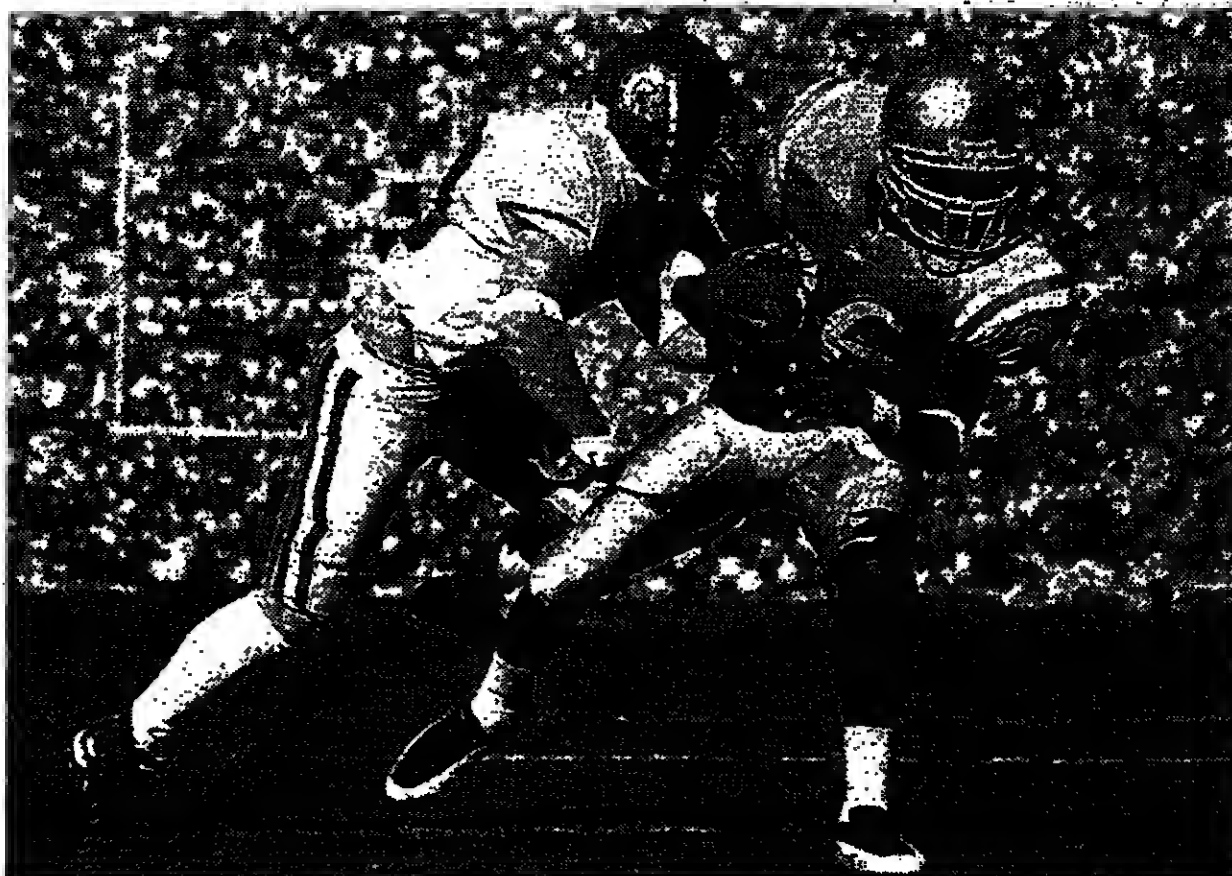
**No. 21 Georgia Tech 63, Wake Forest 35** In Atlanta, Charlie Rogers scored three touchdowns and Joe Hamilton threw for two other scores as Georgia Tech (8-2, 7-1 Atlantic Coast Conference) grabbed a share of the ACC title and a Gator Bowl bid.

**No. 23 Virginia Tech 47, Rutgers 7** In Blacksburg, Virginia, Al Clark threw two long touchdown passes to Ricky Hall in the first half, and Virginia Tech (8-2, 5-2 Big East) returned two of its six interceptions for touchdowns.

**No. 24 Syracuse 38, Temple 7** In Philadelphia, Dee Brown ran for two touchdowns. Quentin Harris returned a 47-yard interception for another score and Rob Konrad added a 2-yard touchdown run as Syracuse (7-3, 5-1) beat Temple (2-9, 2-5) to advance to a showdown with Miami for the Big East title.

In rivalry games among unranked teams, Shaun Alexander scored three touchdowns to lead Alabama to a 31-17 victory over Auburn (3-8), which finished with its worst record since 1952.

In Berkeley, California, Todd Husak threw a seven-yard touchdown pass to Troy Walters and the Stanford defense made it hold up as the Cardinal beat California, 10-3, to win the 101st Big Game.



DeShaun Foster of UCLA, right, eluding Southern California's Grant Pearsall to score from the 2-yard line.

## Vols Show No Mercy on Wildcats, 59-21

By Joe Drake  
New York Times Service

KNOXVILLE, Tennessee — The Tennessee Volunteers didn't stop at kicking a team that was down. They buried the Kentucky Wildcats, 59-21, and with every touchdown cemented their hold on the title of the best college football team in the United States.

They rumbled for 237 rushing yards Saturday, exceeding their 217-yard average, which was already the nation's 14th best, despite losing perhaps the best running back in the country six games ago. Their quarterback, Tee Martin, threw for one touchdown and ran for another and got Tennessee off to its best start (10-0) in 42 years.

The Volunteer defense, which had given up an average of 12 points a game in its last eight games, defused the Wildcats' high-powered offense, sacking Tim Couch, the Heisman Trophy candidate quarterback, six times for 43 yards.

In overcoming one obstacle after another, including having to come from behind against snakebitten Arkansas last week, Tennessee has shown that it

is the best of the still-unbeaten teams.

In 7-4 Kentucky, Tennessee beat a high-quality opponent convincingly — Martin and most of the Tennessee starters were pulled in the beginning of the fourth quarter — while UCLA and Kansas State needed strong efforts to repel challenges from Southern California and Missouri.

The Kentucky defense, at least, opened the game as if it might be able to bounce back from a traumatic week of funerals, police charges and late-night practices. The week began horribly for the Wildcats last Sunday when their starting center, Jason Watts, wrecked his pickup truck, killing Couch's best friend, Scott Brock, a student at Eastern Kentucky, and the Kentucky defensive lineman Arthur Steinmetz.

Watts was charged with manslaughter and drunken driving when the authorities discovered he had a blood alcohol content of 0.15 percent, which is above Kentucky's legal limit. Couch served as a pallbearer at Brock's funeral during the week, and the Kentucky team traveled to the service for Steinmetz. Early in the game, it looked as if the

Wildcats' undersized defense held the Volunteers to two field goals even though Tennessee started drives inside the Wildcats' 40-yard line.

Couch and his offense, however, showed signs of mental exhaustion. Couch missed on his first four passes and was hammered to the ground by blitzes.

He got on track on the Wildcats' third possession. On third-and-nine at the Kentucky 19, Couch zipped a ball to Kevin Coleman, who was racing down the right side of the field, for 24 yards. Couch completed five of his next seven passes and put Kentucky in the end zone on a 3-yard touchdown pass to Lance Mickelson. Kentucky had the lead, 7-6, for the first and only time of the day.

From there the game deteriorated into a highlight reel flickering with images of the orange-clad Volunteers running up and down the field in perhaps Tennessee's most dominating performance of the season. Martin went arm-to-arm with Couch, bettering him by 177 yards to 174 in the first half on 12-of-18 passing. Martin would finish 13 of 20 for 189 yards and add 54 yards rushing. Couch was 35 of 56 for 337 yards.

## This Time, It's Defense That Carries The Vikings

The Associated Press

MINNEAPOLIS — Last time, Minnesota beat Green Bay with an offense led by Randall Cunningham and Randy Moss. This time, Cunningham and Moss were the supporting cast to the defense.

No matter. By beating Green Bay, 27-14, the Vikings demonstrated Sunday why they are the NFC Central's top team and why the two-time conference champion Packers almost certainly will have to win a wild-card berth to make the playoffs.

The victory left the Vikings (10-1) three games ahead of Green Bay (7-4) in the NFC Central with five games left. Had they lost, they would have been just a game ahead facing a trip to Dallas in three days for a Thanksgiving Day game.

Minnesota also has the tiebreaker because it won the first meeting, a 37-24 victory at Green Bay in which Cunningham threw over the Packers defense to Moss, Jake Reed, and Cris Carter. On Sunday, Jimmy Hitchcock's 58-yard interception return and Gary Anderson's field goal after Tony Williams recovered a Brett Favre fumble gave Minnesota a quick 10-0 lead.

Moss, meanwhile, had eight catches for 153 yards, including a 49-yard touchdown reception with 3:17 left that clinched the game for Minnesota.

**Giants 20, Eagles 9** The host Giants snapped a three-game losing streak by beating the Eagles behind a touchdown run by Gary Brown and two Phillip Phillips interceptions.

Kent Graham also threw a late touchdown in his first start this season, and Brad Dahluso kicked two field goals for the Giants (4-7).

**Pilots 20, Bears 13** Atlanta rallied from a 10-point deficit in the second half as Chris Chandler threw a pair of touchdown passes. But Chandler, probably the team's most irreplaceable player, suffered a sprained right knee and ankle with 6:29 remaining. The Falcons (9-2) finished with 44-year-old Steve DeBerg at quarterback.

In other games, The Buffalo Bills beat the Indianapolis Colts, 34-11; the Dallas Cowboys downed the Seattle Seahawks, 30-22; the Detroit Lions topped the Tampa Bay Buccaneers, 28-25; and the Pittsburgh Steelers beat the Jacksonville Jaguars, 30-15.

## Revenue Disparity Has Baseball in a Rindown

By Murray Chass  
New York Times Service

NEW YORK — When baseball general managers gather each November a couple of weeks after the World Series, they spend several days in meetings discussing issues that affect their game and their teams. The postseason often is on their agenda.

"There are eight clubs that are talking about postseason rosters," said Doug Melvin of the Texas Rangers. "The other clubs are saying, 'What should I have to worry about that?'"

Melvin exaggerated, but only slightly. More than eight teams had a shot at the playoffs this year, but that number didn't include teams that had payrolls below \$48 million.

As the disparity in payrolls grows, that threshold rises. Relative paupers need not apply for postseason spots. This year, the Houston Astros were the playoff team with the lowest payroll, \$48.3 million.

Paradoxically, as the price of winning escalates, some payrolls plummet. "Not only are payrolls going up, but they're also going down," said Sandy Alderson, a long-time Oakland Athletics executive who recently became Major League Baseball's vice president for baseball operations. "We lose sight of the fact that there are some clubs that are giving up."

There are those at \$20 million who say to themselves that going to \$30 million doesn't appreciably change their chances, and there are those at \$30 million who say "We're no better off at

30 than at 20, so they go down."

This year's payrolls ranged from Baltimore's \$71.9 million to Montreal's \$8.3 million. The Orioles, with the only losing record among the 13 teams that had payrolls of more than \$48 million, clearly underachieved, but the Expos didn't have a chance. "Payroll disparity results from revenue disparity and leads to competitive disparity," Alderson said.

Owners and club officials see disparity as the No. 1 problem facing baseball today.

"One can't help but be concerned," said Bud Selig, the baseball commissioner. "I've heard the competitive balance thing for a lot of years, and for a long time it didn't play, but as stakes get higher and disparity grows, everyone ought to have concerns."

In the labor agreement that emerged from the 1994-95 strike, the owners and players adopted a revenue sharing plan under which the large-revenue teams would pay money into a pool from which the smaller-revenue teams would receive money. The aim was to reduce revenue differences.

This year, the New York Yankees are expected to pay the most, a little more than \$11 million, while the Expos will receive the most, about \$12.5 million. But those payments won't make much of a dent on what one baseball official said was a \$135 million difference between the teams' revenues.

Jim Beattie, the Expos' general manager, acknowledged that his team probably receives more money than anyone else. Without it, he added, "We might have ended up losing

money." But the fact that the Expos did make some money might rattle the clubs that make deposits into the revenue-sharing pool.

"They don't like giving us money," Beattie said, "and then we cut back and maybe make some money. We're not operating for the good of the game right now. We don't want to operate that way. We've been in a survival mode. We can't move from that position until we get some assurance that we're not going to shoot ourselves in the foot all the time."

Donald Fehr, head of the players union, said it would be premature to judge the revenue-sharing plan before it reaches full-scale implementation, which won't happen until the 2000 season. The plan was 80 percent operational this season.

"We are not far enough along so that we can meaningfully judge what is going to happen," Fehr said. "Until we are, we can have our opinions, but they don't mean very much."

NEVERTHELESS, John Schuerholz, the Atlanta Braves' general manager, did not see the current system as a solution.

"The economic reality," he said, "is that teams that operate in large markets and have more income, generate more revenue, sell more tickets, sell more sky boxes, sell more executive suites and get better support from corporate sponsors are going to have more money to spend. Teams that operate in the bulk of our markets, the mediocre size markets or small markets, aren't going to have that revenue."

A new park, Jacobs Field, transformed the Cleveland Indians from a low-revenue team into a high-revenue team, a potential payoff into a payoff, under the revenue-sharing plan. Teams like Milwaukee, Pittsburgh and Montreal desperately hope new stadiums can work that kind of economic magic for them.

But Melvin related the remark of another general manager that put the new stadium-as-panacea issue in perspective: "He said that is a short-term solution, but in the long term you'll just be losing in a prettier park."

John Hart of Cleveland echoed that view when he was asked what it would mean if the Yankees got a new stadium. "If the Yankees get a new stadium and enhanced revenues, it's going to be almost impossible," he said. "You should see the Yankees every year in the playoffs and that's not good for the game."

Alderson said the union would most likely become involved in trying to find a solution to the problem when it becomes in the best interests of its membership.

"If they find that 80 percent of their players feel they're out of the pennant race even before the season starts, then it's an issue that is common to both of us," he said.

Jim Bowden of Cincinnati suggested grouping divisions by revenue, not geography. "Put Cincinnati with Pittsburgh and Montreal and Florida," the Reds' general manager said, "and let those teams have a pennant race. It would be a better solution than clubs being eliminated on May 20."

## Bruins Edge the Caps in Penalty-Packed Brawl

The Associated Press

BOSTON — Jason Allison scored in the final 30 seconds of overtime to give the Boston Bruins a victory over the Washington Capitals in a game that had six fights and 270 minutes in penalties.

The Bruins surrendered a 3-0 lead but pulled out a 5-4 victory Saturday as Allison scored his second of the night.

"You could feel it when we got a big lead in the first period," said Pat Burns, coach of the Bruins, referring to the brawl. "It's something that goes back to last year's playoffs." The Capitals eliminated the Bruins in the first round of the playoffs last season.

Ten Bruins and six Capitals were sent to the penalty box in the first period as 264 minutes in penalties were handed out. That included a fight at 11:42 of the opening period that involved every player on the ice and saw all of them ejected, including both starting goaltenders — Byron Dafeo of the Bruins and Olaf Kolzig of the Capitals.

Kolzig and Dafeo are friends and

Kolzig said: "It's tough fighting your best friend. You can joke about it all you want but when you're out there it's tough to throw a punch at him."

"I suppose if you go strictly by the rules, the ejections were proper," said Harry Sinden, president and general

## NHL R roundup

manager of the Bruins. "But suppose you have the same thing happen the next period: Do you call off the game? The officials have to use some common sense."

The Bruins took a 3-0 lead in the first period against the Capitals as Darren Van Impe and Dimitri Khlinich scored on power plays and Allison scored his first goal of the night.

But Washington cut the lead to 3-2 on second-period goals by Chris Simoo, his second of the season, and Peter Boodra, his seventh. Anson Carter gave the Bruins a 4-2 lead at 1:59 of the third period on a shot from just outside the right circle.

Brendan Witt and Steve Konowalchuk scored third-period goals for the Capitals to tie the game, 4-4.

Coyotes 3, Oilers 2 Rick Tocchet scored with 52 seconds remaining in overtime to lead surging Phoenix over visiting Edmonton.

Avalanche 3, Canadiens 2 Valeri Kamenyuk scored at 3:06 of the third period to put Colorado ahead in Montreal. Peter Forsberg intercepted Vladimir Malakhov's clearing pass and slipped the puck to Claude Lemieux, who fed Kamenyuk.

Stars 3, Blues 3 In St. Louis, the Blues overcame a three-goal deficit to tie Dallas.

The Stars were without Brett Hull, who suffered a bruised kidney Friday night and did not make the trip to St. Louis. Many in the sellout crowd booed when Hull's name was included in the announcement of the players who were scratched from the game. Hull was one of the most popular players in Blues history before signing as a free agent with the Stars in the offseason.

Panthers 3, Devils 3 Roh Niedermyer scored the tying goal to cap a six-goal second period as visiting Florida twice came from behind to tie New Jersey.

Maple Leafs 2, Sabres 1 In Toronto, Mike Johnson and Igor Korolev scored in the second period as the Maple Leafs snapped Buffalo's nine-game unbeaten streak.

Sensators 4, Flames 1 Alexei Yashin produced his first two-goal game of the year as Ottawa beat visiting Calgary.

Penguins 5, Lightning 2 In Pittsburgh, Martin Straka scored twice as the Penguins extended Tampa Bay's losing streak to five games.

Islanders 6, Predators 3 Robert Reichel had a goal and two assists as the New York Islanders snapped a three-game losing streak with a victory in Nashville.

Red Wings 4, Canucks 2 Norm Maracle made 28 saves and Brendan Shanahan scored his 10th goal as Detroit won in Vancouver.

Kings 5, Blackhawks 0 Jamie Storr, making his first start in almost six weeks, earned his third career shutout as Los Angeles snapped a six-game losing streak with a victory over visiting Chicago.

Rangers 2, Sharks 2 Jarrod Skalde got his first goal of the season to earn host San Jose a tie with New York.



Olaf Kolzig of the Capitals, left, and Byron Dafeo of the Bruins wrestling on ice.







## WORLD ROUNDUP

### Deal for Yankees Reportedly Agreed

BASEBALL George Steinbrenner has agreed to sell the New York Yankees to Cablevision Systems for about \$600 million under a deal to take effect Jan. 1, according to NBC.

Steinbrenner will continue to run the team under the agreement, the American network said Saturday. Cablevision owns Madison Square Garden and the New York Knicks and New York Rangers. The purchase of the Garden and its properties included MSG Network, which paid the Yankees \$486 million over 12 years for broadcast rights. (AP)



Mark Butcher of England hooking the ball for four runs. He was dismissed for 116.

### Butcher Steadies England

CRICKET Mark Butcher made 116 as England fought back Sunday on the third day of the first test match against Australia in Brisbane.

The visitors advanced to 299 runs for four wickets in reply to Australia's first innings total of 485 before rain stopped play.

Zimbabwe gained its first one-day victory on Pakistani soil Sunday in Sheikhupura. Pakistan batted first and was all out for 211 in the 50th over.

Zimbabwe reached the target for the loss of four wickets in 40 overs. (Reuters)

### Frenchman Wins Slalom

SKIING Pierrick Bourgeat won the first World Cup race of his career Sunday, when he won the opening slalom of the season in Park City, Utah. He finished 0.42 ahead of Hans-Peter Bursas of Norway. Bourgeat had been 14th after the first run. (AFP)

## Fiorentina Maintains Lead With 3-1 Victory Over Inter

Ajax Reaches 2d Place in Dutch League; Mallorca Wins

Compiled by Our Staff From Dispatches

ROME — Fiorentina fought back to beat Inter Milan, 3-1, Sunday and remain atop Serie A.

Inter took the lead in Florence after just three minutes when Roberto Baggio, making just his second start of the season because of knee-tendon problems, was brought down in the penalty area by Francesco Toldo, the Fiorentina goalie. Youri Djorkaeff then scored on the penalty kick.

Fiorentina tied the score within two minutes, as

English and Bundesliga results. Page 21.

the defender Pasquale Padalino slammed in a loose ball when Inter failed to clear following a corner kick. Gabriel Batistuta put Fiorentina ahead, 2-1, with his league-high 11th goal of the season. The Argentine striker drove a low, free kick through the defensive wall in the 16th minute.

Jorg Heinrich, a German defender, finished the scoring in the 75th minute with his first goal in Italy.

Inter played without several injured players, including three attackers: Ronaldo, Nicola Ventola and Francesco Moriero. Baggio left after 68 minutes.

"My team was balanced and intelligent — we fully deserved this victory," said Giovanni Trapattoni, the Fiorentina coach who led Inter to its last league title, in 1989. "If we keep playing like this, we can fight for the title."

The victory moved Fiorentina three points ahead of AS Roma and Juventus of Turin, the defending champion, which played a draw 0-0 with Empoli.

"It was ugly," said Marcello Lippi, the Juventus coach, after his club was shut out for a second straight game. "We didn't play well and failed to create any scoring chances."

The Turin club has not scored since its star striker, Alessandro Del Piero, went down with a

season-ending knee injury. Empoli, tied for 15th place, was more dangerous in attack but wasted three golden scoring chances in as many minutes early in the second half.

Roma rallied for a 1-1 draw with Bari on Saturday in a game that generated controversy Sunday. Francesco Totti, the Roma captain, admitted that he fell to the ground on purpose to draw the penalty that gave Roma a draw.

With nine minutes to play, Livio Bazzoli, the referee, called the foul when Totti went down just inside the penalty area after tight contact with Rachid Negrouz, Bari's Moroccan defender. Roma was trailing 1-0 at the time.

"I was ahead of Negrouz and, as soon as I felt contact, I threw myself to the ground," Totti said. "The referee could have given the penalty or let the action continue. Maybe the fact that we were losing had an influence."

NETHERLANDS Ajax moved up to second in the Dutch league with an unconvincing 1-0 victory over RKC Waalwijk, the last-place team.

The winner came in the eighth minute when Ajax's most experienced player, Danny Blind, was set up by its least experienced player, the teenage striker Bruijs, who was playing his second first-team game.

Bobby Robson's fast-improving PSV Eindhoven dismissed FC Utrecht, 5-0, on an extremely slippery field. Abel Xavier, a Portuguese defender, headed PSV in front at the 22-minute mark from a free kick, but the match turned on an incident that occurred a minute before the break.

Bernard Schusterman, a defender making his debut for Utrecht after his recent transfer from Feyenoord, pulled down Rand van Nistelrooy in the penalty area. Schusterman got a red card and Van Nistelrooy got up to convert the penalty.

Robert Fuchs, Van Nistelrooy and Gilles de Bilde completed the scoring.

Feyenoord, the league leader, beat Cambuur Leeuwarden, 4-0, on Saturday night. SC Heer-



Jorg Heinrich of Fiorentina, right, defending Sunday against Aron Winter of Inter Milan.

### Juventus Wants Venue Changed

Juventus players demanded Sunday that the European Champions League match against the atassary not be played in Istanbul, as scheduled. Agence France-Presse reported from Turin.

The Italian and Turkish governments are at loggerheads because Italy is considering giving political asylum to the Kurdish rebel leader Abdullah Ocalan. The crisis has whipped up anti-Italian sentiment in Turkey.

UEFA, the governing body of European soccer, is to make a decision on Monday.

Gianni Agnelli, the Juventus owner, urged UEFA to spare his team the trip to Istanbul. "There is clearly a risk," Agnelli said.

(AP, AFP, Reuters)

## Carter's Putt Seals Victory For England

The Associated Press

WHANGAPARAOA, New Zealand — David Carter made a birdie putt on the 18th hole to cap a 4-under-par 68 and clinch England's first World Cup of Golf title.

Carter, 26, and Nick Faldo, who had a final-round 69, finished with a total of 568 strokes, two better than Italy.

The United States, Scotland and Argentina tied for third at 571 strokes for the four rounds on the 6,850-yard Gulf Harbor Country Club course.

Carter and Faldo collected \$200,000 each from the total purse of \$1.5 million.

Carter, who won his first European PGA Tour event this year, took some pain medication and went through a session of physiotherapy each day of the tournament because of a rotator cuff problem in his right shoulder.



David Carter celebrating his birdie putt that gave England victory.

"I said to myself, 'Well this is it, this is your first chance to win it,'" he said.

Scott Verplank of the United States shot a nine-under 63 Sunday to match the course record set hours earlier by Patrik Sjolund of Sweden. Verplank finished as the individual champion with a nine-under 279 total, one stroke ahead of Faldo and Costantino Rocca of Italy, who closed with a 70.

## Hingis Takes Revenge on Davenport

Compiled by Our Staff From Dispatches

NEW YORK — Martina Hingis finished the season Sunday by beating the woman who took her No. 1 ranking.

Hingis beat Lindsay Davenport, the No. 1 seed, 7-5, 6-4, 4-6, 6-2 in the final of the Chase Championships.

Hingis ended a six-month title drought with a convincing victory to claim one of the few big titles she had not yet won.

With the victory, Hingis avenged her U.S. Open final loss to Davenport, the player who last month also took over the top ranking that Hingis had held for 80 consecutive weeks.

"She kicked me out of the top spot but I'll be definitely fighting for it next year," said the Swiss teenager after accepting her trophy and a check for \$500,000.

Hingis finished the year with five titles, including the Australian Open, and \$3,175,631 in tournament earnings.

"It's been a great year, especially the last six months," said Davenport, who won a tour-leading six titles in 1998,

five of them since July.

"I'm a little disappointed about how I ended the year, but I'll get over it in a few hours," added the 22-year-old American, who picked up \$250,000 as runner-up and another \$100,000 for winning the doubles Saturday with Natasha Zvereva.

On Saturday, Davenport ended Steffi Graf's 12-match, two-tournament losing streak.

Davenport poured on the pressure in the final stages of their semifinal and outworked the German, 6-1, 2-6, 6-3.

The match took one hour, 37 minutes to resolve and turned on the sixth game of the final set when Graf, who seized just five of the 14 break opportunities she was allotted, let Davenport escape from a 0-40 deficit.

"I gave it everything I had in the past three weeks, and that was a lot in the end, I guess it was a little too much," said Graf, who said her footwork deteriorated after she pulled a muscle in the back of her right thigh during that all-important sixth game. "Sure, I'm disappointed."

In the decisive third set, the first four

games were breaks of service. After Graf held service in the fifth game, she had three break points on Davenport's next serve.

She was incensed with herself for letting Davenport scramble out of a 0-40 deficit to hold for 3-3, and the instant Davenport's forehand winner ended that game, Graf hustled to the sidelines and summoned a trainer to tape her right thigh.

Then, after saving one break point with a brilliant forehand pass, Graf netted a forehand on Davenport's second break opportunity, and the limping Californian took a 4-3 lead that turned out to be pivotal when she backed it up with an ace at game point for a 5-3 lead.

Hingis beat Irina Spircea, 6-2, 7-6 (9-7).

Hingis ripped through the first set in 22 minutes. In the second set, Spircea won five consecutive games for a 5-1 lead before Hingis matched her with a five-game streak of her own.

Spircea led 6-4 in the tie break, but she made a series of errors on her backhand to allow Hingis to win. (AP, NYT)

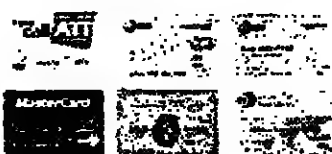


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